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FINANCIAL TIMES

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MAIN POINTS OF WHITE PAPER

ublic spending projected to grow by 2½ per cent. in me terms in 1978-79, compared with planned level for ent financial year, and by much more when compared likely outcome for this year after further substantial rspending.

otal spending increased by nearly £1bn. in 1978-79 to 55bn., compared with previous White Paper, as already ounced. Main changes are additional spending on em- ment measures, increased child benefit and more on truction, *offset by lower debt interest.*

lanned growth in spending in 1979-80 and 1980-81 of t 2 per cent. a year with rise of under 1 per cent. in -82, but later years are increasingly provisional. Large growing contingency reserve to provide flexibility.

rojected rise in spending is within expected growth of s Domestic Product and ratio of total expenditure to is likely to be *lower than peak levels of mid-1970s.*

ontinued growth in current spending, especially social *rity benefits but only partial restoration of earlier cuts* apital investment.

PLANS TO LIMIT GROWTH IN PUBLIC SPENDING LEAVE . . .

Room for tax cuts in Budget

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

GOVERNMENT plans to limit the growth in public spending during the next few years provide room for a substantial cut in direct tax, starting in the spring Budget.

This is indicated by the Government White Paper on its expenditure plans from 1978-79 to 1981-82 published yesterday.

The stated *aim* is to permit a sustained improvement in the standard of public services, while allowing a substantial expan*sion in personal consumption after four* years of no growth.

Total public expenditure *is* projected to increase quite sharply in 1978-79 compared with the likely outcome in the current financial year. *This is mainly because there* has again been significant underspending—more than 4 per cent. in volume terms—below planned levels.

But the total level of spending next year is *still expected to be lower* in real terms than in the peak year of 1975-76, and only modest growth is planned for 1979-80 onwards.

The *intention* is to keep the increase in spending within the growth of the economy as a whole. Consequently, the ratio of *expenditure to Gross Domestic Product* should be lower than in the mid-1970s, though still well above what it was at the start of the decade.

Announcing the plans yesterday, Mr. Joel Barnett, Chief Secretary to the Treasury, said the aim was to:

- ● Leave open the option to cut the burden of direct tax.
- ● Provide stability in public expenditure programmes by *avoiding over-ambitious* plans which have to be cut later.
- ● Include a large contingency reserve in *later years to provide a measure of* flexibility in planning.

Mr. Barnett commented merely that he hoped for income tax cuts of a "reasonable size" in the Budget, depending both on *progress on the pay front* and on new Treasury economic forecasts in the next few weeks.

The White Paper does, however, include illustrative projections of Government revenue and *spending over the next* two years which point to a continuing fall in the borrowing requirement even after taking account of the planned *growth* in expenditure. This partly reflects the increase in tax and royalty revenue from the North Sea operations from now on.

The widespread City view is that borrow*ing could be even lower than indicated* by the latest estimates, so there may be scope for reductions in tax of over £2bn. in the Budget, with more to come next year.

The whole emphasis of the White Paper is on caution so that expenditure does not "go beyond what the economy can safely be assumed capable of sustaining."

Unlike some of the White Papers of the early and mid-1970s, an improvement in the rate of growth of the economy and of *industrial performance is not* being assumed as a basis of planning. The aim is to avoid what happened then when the economy did not expand as hoped and the relative share of the public sector rose.

The growth of expenditure reflects an expected rise in GDP of 3½ per cent. a year in real terms. The White Paper says it would be "disappointing" *if this rate of* growth were the limit in view of present unemployment and the bonus of North Sea oil.

The latest plans are also intended to ensure greater stability with the aim of *minimising* the possibility of sudden disruptive cuts in spending.

The options have, however, been left open for a further increase in spending after 1978-79 and the Cabinet discussion on the *use of North Sea oil resources may result in* additional spending on some programmes. But some of this could be absorbed by the large contingency reserve for the later years.

The White Paper confirms the changes to plans for the coming financial year announced last October. These amount to an addition of £1.6bn. to the major programmes but of less than £1bn. to total expenditure after taking account of a reduced estimate *of debt interest and other items.*

The plans show that current spending is expected to rise steadily in the next few years and to be well above the level in the mid-1970s.

For example, current grants to persons, in particular social security benefits, are projected to be 18½ per cent. higher in real *terms in 1979-80* than in 1975-76. This partly reflects demographic changes.

Over the same period, total capital expenditure is projected to decline by nearly 20 per cent. in real terms.

*The White Paper also highlights the con*tinued substantial underspending in the current financial year, and this creates a confusing picture when looking at the rate of growth in 1978-79.

The Treasury, for example, states that total expenditure, including all programmes the contingency reserve and nationalised *industry borrowing*, will show a rise of 22 per cent. between the planned levels for the two years.

Continued on Back Page

Details of White Paper Pages 14 and 15. ● Editorial comment Page 16. ● Features Pages 15, 16 and 17. ● Lex and reactions Back Page

EWS SUMMARY

ERAL

even lled gales

people died on land and a when gales battered n. The final toll could be scue services said. Roofs ripped from houses, trees *ted*, cars *overturned*, s flooded and lowland ped. At sea, 11 ships sent ayday distress calls.

don narrowly escaped seri- onding as the Thames came inches of breaching flood- *People living and work-* n high-risk areas were told night have to leave.

ids, accompanied by blind- iow, reached more than 90

France, a dredger was into Dieppe and two men feared drowned. *In* waves breached dykes ded low land. In Switzer- worst snowstorms for n 40 years cut roads and disrupted electricity es and forced schools to Page 6; *Forecast*, Back

e bombs

ave of incendiary bombs through Belfast damag- ine separate buildings. A r and a policeman clearing rea were injured. Page 7.

litician held

ading Portuguese Socialist cian who is also head of the TV was charged with l possession of arms. Sen. *undo Pedro was detained* a raid by Customs men in- *ating smuggling of* stic electrical appliances. 2

50m. boat order

fast patrol boats worth n. are to be built by Vosper nycroft for the Egyptian. Back Page

efly . . .

esia's three domestic *nalist parties were reported* ave reached agreement in iple with Mr. Ian Smith, e Minister, on the issue of e Parliamentary representa- in an independent Zim- e. Page 3

or Korchnoi won his 18th e against Boris Spassky to me the challenger to *toly Karpov, world chess* npion.

l Chancellor saw Judge Neil *innon, the man at the centre* ie "niggers, wogs and coons"

ze on defence spending to money for development an- nced by President Amin of nda.

mon Market more unpopular Britain than in any other nber of the EEC, poll said.

BUSINESS

Gilts and equities unsettled

● GILTS were unsettled by an initially unfavourable reaction to the White Paper on Govern*ment spending plans. The FT* Government Securities Index edged down 0.02 to 77.25.

● EQUITIES, initially firm, lost *ground on lack of follow-*through support and in sympathy with gilts. The FT 30-Share Index closed at 479.4, off 7.8. Gold Mines gained a further 3.1 for a five-day rise of 12.1.

● STERLING closed at $1.9225, down 1.65 cents, after European and U.S. official intervention *helped the dollar* to recover. The pound's trade-weighted index was unchanged at 65.8. The dollar's depreciation narrowed to 4.64 (4.88) per cent.

● GOLD rose 75 cents to $173.125.

● WALL STREET recovered 2.25 to 778.15 in active trading.

● U.S. MONEY SUPPLY: M1 $339.8bn. ($335.7bn.); M2 $812.6bn. ($807bn.); commercial and industrial loans at major banks, down $661m. (down $273m.); fed. funds 6.58 (6.69) per cent.; 90-119 day dealer-placed *commercial* paper, 6.89 (6.68) per cent. Page 3

● GREEN POUND devaluation is widely expected to be announced by Mr. John Silkin, Agriculture Minister, on Monday week. *The change* would raise the prices farmers receive for their produce and increase retail food prices. Back Page.

● U.K. GOVERNMENT is likely to impose tougher condi*tions on the operations of* North Sea oil companies this year. It proposes to approve oil field development in stages, to ensure that all fields are exploited to the full, in line with depletion policies. Page 6. North Sea oil review, Page 9

● SWAN HUNTER *shipyards* on the Tyne will, after all, build four of the seven bulk carriers originally allocated to them in the Polish ships deal, now that outfitters have called off their five-month overtime ban. Page 7

● ALLIED BREWERIES will be unable to go ahead with its proposed 2p a pint beer price rise *on Monday*, because the move is to be investigated by the Price Commission. Allied will apply next week for an interim increase while the inquiry is underway. Page 6

● THYSSEN of West Germany has launched a $244.8m. (£126m.) *offer for Budd*, the U.S. manufacturer of railway equipment and automotive industry components. Back and Page 20

● ENGLISH CHINA CLAYS lifted pre-tax profit to £30.48m. (*£24.47m.*) *in the year to* September 30. Page 19 and Lex

IEF PRICE CHANGES YESTERDAY

ices in pence unless otherwise indicated)

RISES		
ihod. 2½pc '65-70...	£67	+ 4
n Rubber	193	+ 9
(A.)	230	+ 8
ker McConnell	228	+ 5
lan Profile	73	+ 7
ibee-Combex	147	+ 7
s (Wimbledon)	74	+ 4
ness Withy	348	+ 4
don Gotch	92	+ 7
tair	118	+ 7
kson and Welch...	563	+ 8
idon Pavilion	325	+ 25
Corquodale	245	+ 7
ford Docks	80	+ 4
cadilly Theatre	82	+ 7
xlinson Construct.	100	+ 14
ce Group	90	+ 8
ith Carb. A	115	+ 7
Leod Russel	186	+ 4
Cons. Gld. Fields Aust.	180	+ 12
Kloof Gold	462	+ 12
Southvaal	482	+ 13
Stilfontein	254	+ 7
FALLS		
Allied Breweries	85½	− 4½
Assod. Dairies	232	− 17
GEC	267	− 6
Glaxo	597	− 8
Guinness (A.)	181½	− 5½
ICI	342	− 6
Intnl. Timber	131	− 5
KwikSave Discount	202	− 10
NatWest	290	− 5
Sainsbury (J.)	180	− 10
Thomson Org.	660	− 30
Thorn Elect.	372	− 6
Tube Invs.	386	− 6
Turner and Newall	210	− 8
Vickers	187	− 5
BP	810	− 10
Siebens (U.K.)	290	− 8

Benn to urge building of two AGR plants

BY ROY HODSON

MR. ANTHONY WEDGWOOD BENN, the Energy Secretary, *will shortly ask the Cabinet to* approve immediate ordering of two advanced gas-cooled reactor stations which will cost about £1bn.

The Cabinet will also be asked to authorise work to go ahead on development and safety studies for the U.S. designed pressurised water reactor so that a third nuclear power station order, not to be placed before 1982, can be decided on the relative merits of the two types of reactor.

Mr. Benn's long period of *agonising over a future national* nuclear reactor policy has frequently been criticised. Now he has modified his opposition to importing U.S. technology enough to be *reasonably* sure that his new plan will have consensus backing in the power authorities and the nuclear industry.

When Ministers consider the proposed technical decision for *development of commercial* reactor policy they will be asked to do so in the context of a major industrial decision.

The Department of Energy *sees the next round of reactor* orders as the start of a £20bn. nuclear power station ordering programme which will equip Britain with between 24 and 30 additional nuclear power stations by the end of the century.

When the Cabinet considered the nuclear options at a pre-Christmas meeting it was split between supporters of the British-designed AGR and of the PWR. Mr. Benn was asked to provide more information.

The supporters of the PWR in the Government and in the *nuclear industry may now have* been outflanked by Mr. Benn. They are not expected to mount strong opposition to a plan which still leaves the door open for a PWR to be built in four years' time as the third station in a new national strategy.

The major nuclear exporting countries have reached agreement on a code of safeguards designed to reduce the likelihood of nuclear technology being put to military uses. Back Page

Nevertheless, there is nothing tangible for them in the Benn plan. No design contracts or any other contracts of an indus*trial nature for PWR work* are envisaged between 1978 and 1982.

The *intention* is that the National Nuclear Corporation, the Central Electricity Generating Board, the South of Scotland Electricity Board and the Nuclear Inspectorate should work up a PWR design suitably *modified to meet British require*ments so that a design will be available if required.

Although the PWR is basically a U.S. reactor, both Rolls-Royce and Kraftwerk Union, a Siemens subsidiary in West Germany, have recently offered their ex*perience in this type of reactor* design to Britain.

It is thought the Cabinet will be advised that the involvement of either or both those companies would not be a solution at this stage, on the grounds that *licence money would* eventually have to be fed back to the U.S.

A decision to build two AGRs and defer any decision on a PWR order *would* have a consequent effect on development of the fast-breeder reactor.

Development of this is being carried out by the Atomic Energy Authority on a budget of up to £70m. a year.

The authority is anxious that the Government agree to a proto*type fast-breeder reactor* being built as soon as possible.

The argument is that the British nuclear industry will have the capacity to work on a commercial prototype of this in the 1980s. It is concentrating *substantially upon one conven*tional reactor design for the power-station programme.

But if it divided its attentions between both the AGR and the PWR then the prototype fast-breeder reactor might be de*ferred.*

Carter's warning on energy

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Jan. 12.

PRESIDENT CARTER warned the American people to-day *that failure so far to control* U.S. energy consumption was *weakening international con*fidence in U.S. leadership and undermining the integrity of the dollar.

The President took the opportunity of his first Press conference since his recent *foreign* tour to make opening remarks specifically linking *energy policy, the dollar* and the impact on the domestic economy.

Mr. Carter has not previously made public remarks to a U.S. audience on these subjects.

Though other members of his Administration have in recent days begun to speak out, the President's assertions today are ample testimony to the new *sensitivity* in Washington to the international economic and monetary impli*cations of* the lack of an energy policy.

Mr. Carter did not say in so many words that the dollar had to be stronger, nor did he attempt to characterise the extent of the Administration's *new commitment to stabilise* the value of its currency.

But he did speak of the "alarming" messages he had received on his recent foreign *travels of a fear that the* U.S. lacked the "will and resolve" to curb its appetite for energy.

Failure to act on the energy front, he said, could mean that the U.S. would *have* conservation forced on it by an international oil price increase, over which the U.S. had no control, and would further impair international confidence in American "leadership qualities."

Stewart Fleming writes from New York: Under the influence of what dealers suggested was Central Bank influence, the dollar fluctuated over a wide range to-day in relation to the Deutschemark.

Traders in New York suggested that it had been as low as *DM2.0850* in Europe before rising to DM2.1450 as trading opened in New York.

Late in the afternoon the dollar was quoted at DM2.13.

£ in New York

—	January 12	Previous
Spot	$1.9280-9340	$1.9480-9520
1 month	0.09-0.15 prem	0.05-0.09 prem.
3 months	0.41-0.47 prem	0.32-0.37 prem
12 months	1.10-1.30 prem.	1.00-1.20 prem.

Firemen call off strike as violence erupts

BY ALAN PIKE, LABOUR CORRESPONDENT, IN BRIDLINGTON

THE FIREMEN'S two-month strike was called off yesterday amid bitter scenes described by Mr. Terry Parry, general secre*tary of the* Fire Brigades Union, as "anarchy of the worst kind."

Delegates representing men in the 63 fire brigades who for almost nine weeks have been involved in Britain's first national firemen's strike voted 28,729 to 11,795 *in favour of accepting a* peace formula presented by the local authority employers.

A return to work will be made on Monday. It will, however, take several days before many brigades are back to full opera*tional efficiency* and the troops who have been providing emergency fire cover with "green goddesses" will not be withdrawn immediately.

Last night Mr. John Lewis, leader of London's 6,300 firemen, *warned that his members would* be unlikely to attend fires with troops during the interim period.

Yesterday's vote in favour of a return to work was by a larger majority than the original 2-1 decision which called the stop*page in November in support of* 30 per cent. pay rises.

While delegates were debating the return to work, about 200 firemen who favoured continuation of the strike kept up a continuous barrage of chanting and pushing outside the Bridlington conference hall and were held back by police. Smoke bombs were thrown inside and outside the hall.

As Mr. Parry *arrived, demon*strators surged forward and he fell as police officers helped him force his way into the hall.

Mr. Parry said many of the demonstrators had gone along to lobby in support of a genuinely *held point of view but others* had "behaved like animals with violence that we cannot stand for, and cannot condone."

Inside the hall, Mr. Parry and the union executive came in for more subdued criticism over the *way in which the strike had* been conducted.

Mr. Parry gave a long report on the progress of negotiations leading to last week's executive *recommendation in favour of a* return to work although the union has failed to achieve immediate pay increases outside the Government's 10 per cent. guideline.

Under the formula, which has been guaranteed by the Government against future incomes *policy restrictions*, firemen's pay will be related to the wages of skilled manual workers in industry by November 1979 and automatically adjusted to keep it there from then on.

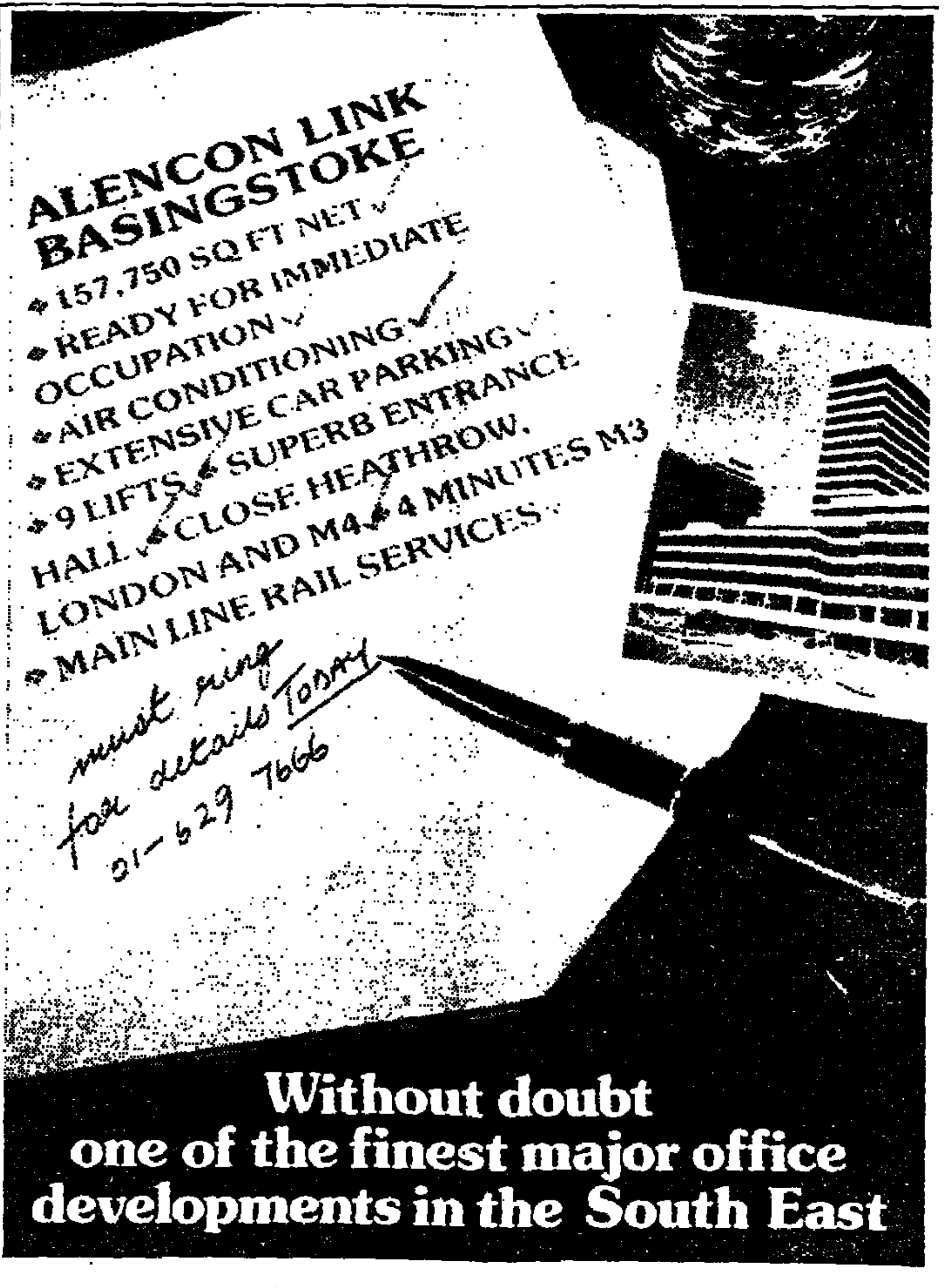
Mr. Parry said after the conference that many trade unions and general secretaries wished that they could achieve a deal *like the firemen's formula.* "No negotiations could have achieved the Government's guarantee. The strike achieved that."

It was unpalatable that the firemen's immediate pay increases would be restricted to *10 per cent.* but it was clear after nearly nine weeks of strike action that the union was not going to improve on that.

The formula which will also reduce the working week of firemen from 48 to 42 hours this *November should, said Mr. Parry,* give qualified men pay increases of at least £15 per week in the autumn.

Nearly 20,000 troops have been *directly involved during the* strike. About 11,000 soldiers were actively fighting fires; another 5,000 were involved in administration; and between 2,000 and 3,000 acted as off-duty reliefs.

By Tuesday night, 194 people had died in fires in the 59 days since the strike started, according to the Home Office. This was 17 more than might have been expected from the averages.



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FEATURES

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EUROPEAN NEWS

U.S. is opposed to Communists in Italy Government

BY JUREK MARTIN WASHINGTON, Jan. 12.

THE CARTER administration said to-day that it opposed the participation of the Communist Party in any new Italain Government and preferred a reduction in Communist influence throughout Western Europe.

Although the State Department claimed, in issuing its prepared statement, that no change in U.S. policy had taken place, to-day's announcement nonetheless stands in sharp contrast to the more relaxed attitude towards internal European affairs that the administration has espoused until now.

Mr. Richard Gardner, the U.S. ambassador to Italy, was recently recalled for consutlation when it became clear that the Italian political crisis was reaching a head. He conferred with President Carter yesterday morning and the administration had planned to issue a statement shortly after, but this was delayed, presumably until the results of last night's deliberations by the Christian Democratic Party became known here.

To-day, the State Department spokesman refused to go substantially beyond the official policy statement itself, which, though worded with care, contained a clear message.

Recent developments in Italy, it said, "have increased the level of our concern." Although the U.S. was not intending to interfere in the sovereign affairs of European countries, "we believe we have an obligation to our friends and allies to express our views clearly.

"The United States and Italy share profound democratic values and interests, and we do not believe the Communists share those values and interests. As the President said in Paris last week (after a meeting with M. Francois Mitterrand, the French Socialist leader): 'It is precisely when democracy is up against difficult challenges that its leaders must show firmness in resisting the temptation of finding solutions in non-democratic forces.'"

Never before has the Carter administration gone so far as to imply that the Italian Communist Party, in particular, is "non-democratic." Nor has it suggested, as it did in another part of the statement, that the Italian Communists were unwilling "to meet the aspiration of their people for effective, just and compassionate government."

Indications of a tougher U.S. approach to Eurocommunism were apparent last week when President Carter warned M. Mitterand in Paris against entering into an alliance with the French Communist Party. Although last year the U.S. made no bones of its preference for the centrist party of Sig. Suarez in the Spanish elections, it did not direct at the Spanish Communist Party the sort of criticisms implicitly levelled at its Italian counterparts in to-day's statement (indeed it recently allowed Sr. Carrillo, the Spanish Communist chief, to make a speaking tour of this country) or the explicit warning given by the President himself to M. Mitterrand last week.

To-day's statement contained no reference to the security problems posed to Nato by Communist participation in the Government of a Nato country. This was a theme often taken up by the previous Ford and Nixon administrations and one which will be returned to to-morrow night when Dr. Henry Kissinger, the former Secretary of State, appears in a television documentary here.

Nor is there any suggestion here that the Carter administration will pour into Italy covert financial assistance to the Christian Democrat Party such as its predecessors used. But this does not vitiate the fact that the change in approach is stark.

No reply on compromise

BY PAUL BETTS ROME, Jan. 12.

ITALY'S RULING Christian Democrat party was to-night waiting for a possible response from the Communist party on a compromise agreement, having firmly rejected Communist demands for direct participation in government. Such an agreement could advance the Communists' role in the governing process but would still exclude them from direct participation.

This follows a crucial meeting of the Christian Democrat party leadership late last night and indications of disagreements within the Communist party over the hard-line policy announced publicly by the party secretary, Sig. Enrico Berlinguer, for an "emergency government."

One possible compromise formula, which is being resisted by a vocal minority of the ruling party, envisages a broad agreement on economic and social issues. It would represent a step forward from the current interparty accord maintaining the minority government in office by giving the Communists greater political weight and influence.

In the event of the Communists rejecting this informal Christian Democrat overture for a compromise, it is possible that the present minority government of Sig. Glulia Andreotti may tender its resignation.

Although the Christian Democrats, whose parliamentary representatives met to-day, again indicated their willingness to reach an economic and social pact—thus avoiding the prospects of early elections at this delicate time—they rejected any substantial alteration in the country's political balance.

Ecevit promises an active foreign policy

BY METIN MUNIR ANKARA, Jan. 12.

MR. BULENT ECEVIT, the Turkish Prime Minister, to-day said that he would follow a "dynamic foreign policy" and formulate a new "national defence concept."

Delivering his Government's programme to Parliament, Mr. Ecevit also said that one of the top goals of his Administration would be to fight inflation and to stabilise the ailing Turkish economy.

The 47-page programme was couched in general terms, containing many new targets and promises but no details on how these are to be attained.

In an indication that Turkey would now be likely to pursue a more independent defence policy, Mr. Ecevit said that, being situated in one of the most sensitive regions in the world, it could not "let its national defence rely on the decisions or indecisiveness of other States."

Obviously referring to the U.S. embargo on arms supplies to Turkey, he said: "Turkey, which has been making contributions much above its economic possibilities to the joint defence system (NATO) of which it is a member, has recently been put into a position in which it could not buy defence articles or the spare parts needed for these articles even from its allies and with its own money."

It is expected that Mr. Ecevit will take the initiative in settling many long-standing Turkish foreign policy problems—Cyprus, the U.S. embargo—the continental shelf dispute with Greece and relations with the Common Market.

On Turkey's difficult relations with the Common Market, the programme was unusually specific: "My Government will be determined and insistent that our relations with the Community be reorganised in a manner to operate in the interests of our country and economy," said Mr. Ecevit.

This is the first public indication that Turkey will attempt to re-negotiate its treaty of association with the Community, a decision which will not go down well in Brussels which favours adjustments.

French Left seizes on rupture in Majority

BY DAVID CURRY PARIS, Jan. 12.

THE PARTIES of the ruptured Union of the Left to-day seized gleefully on the Gaulist decision to withdraw from their tactical alliance with the other members of France's ruling conservative coalition. While the government-supporting parties, including the Gaullists, hastened to minimise the importance of the conflict, the Left heralded the "serious compromise" of the union of the Majority as a chance to challenge the growing conviction that the government is heading for a general election victory in March.

The majority leaders will meet President Giscard d'Estaing next week after his return from Africa for their election send-off.

Last weekend was a good one for the government. M. Raymond Barre, the Prime Minister, before an audience of 7,000 unveiled the government's election manifesto. The mixture of moderate reform and economic prudence earned enthusiastic notices. If the Gaullists gave faint praise they offered equally only faint criticism.

In Paris, the Communists were finally interring the union of the Left with the Socialists by declaring that they would not agree to present joint candidates in the March general election. They made clear that for them the real battle was against the Socialists to represent the Left, and that only if they came near to 25 per cent. of the vote would they consider co-operation with the Socialists.

With an uneasy peace among the parties supporting the coalition government ("the majority" in French jargon) and the Left engaged in full-blooded fratricidal war, the March elections began to look much less of a mountain for the conservatives.

Yesterday M. Jacques Chirac's Gaullists, the biggest party in the National Assembly (with more than a third of the 490 seats) and the main majority group wrecked this happy scenario.

They announced that their allies in the coalition had broken the spirit of the agreement reached in the autumn to present a single joint candidate in certain seats to create a united front against the Left. They denounced this pact and considered themselves free to put up their own candidates everywhere.

At the same time M. Yves Guena, the Gaullist spokesman, said that his party would observe the agreement to support a single joint candidate in the second round of France's two-tier voting system, the leading candidate in the first round, irrespective of party, receiving this acolade.

What went wrong? In the face of the apparently triumphant march of the united left the parties forming the majority—Gaullists, Republicans, Centrists, and the small independents—decided to reach a modus vivendi. Each party would be free to propagate its own policies and programme in line with the Giscardien concept of majority "pluralism."

The parties agreed that in more than 100 seats they would put up a joint candidate from the first round onwards. In the remainder "plurality" would prevail initially but the best-placed candidate would carry the joint colours in the run-off.

The non-Gaullist parties then put together their own pact. In more than 300 seats they agreed to put forward a single non-Gaullist candidate who would stand against the Gaullist candidate as well as against the left.

What infuriated the Gaullists was that the Radical Party of Jean-Jacques Servan-Schreiber, which had refused to subscribe to the majority pact, was brought into the non-Gaullist pact. The radicals are outspoken opponents of the Gaullists and the party most tempted by the idea of a centre-left coalition with the Socialists.

They were also annoyed that the Prime Minister had helped put this pact together, since they regard M. Barre a caretaker with no electoral role. The distinction between the Government supported by the majority parties and the parties of the majority is a fundamental point of principle.

When they failed to get "satisfaction" about the "anti-Gaullist front" they walked out of the liaison committee and announced the intention to present new candidates.

Although M. Guena stressed his party's loyalty to the majority cause, the move is a damaging re-opening of the wounds inflicted in the periodic warfare between the Gaullists and their allies which has been waged since M. Chirac quit the premiership almost 18 months ago arguing that the President was hamstringing his attempts to get the majority into fighting shape for the elections.

To these quarrels over specific issues like Europe and the mayoralty of Paris was added the argument over how to fight the election itself.

The Gaullists have a perpetual suspicion that President Giscard d'Estaing is hoping to create a centre-left alliance, grouping his own party, other centre movements and moderate Socialists, with the aim of isolaing the Gaullists on the right and Communists on the left.

Having lost the presidency in 1974 and the premiership in 1976 the Gaullists feel immensely threatened by this manoeuvre.

What will be the consequences of the division in the majority? It is important to stress that this split is not as important as that in the left. The majority is united in claiming that it is a technical difference, and even though this may ignore the deep Gaullist disaffection behind their decision at least it indicates a willingness to minimise electoral damage.

It is difficult to assess the direct consequences on the election result because the situation is still not clear and because of the distorting effect of the two-tier system. The centre parties have still to decide whether to oppose their own candidates in constituencies reserved for Gaullists, and they will probably want to see if there is a chance of reconciliation before they take this step.

According to the Gaullists around 390 seats in the country would have had Gaullist candidates, standing either alone or against other majority parties. Some 100 seats would have had single non-gaullist candidates. It remains to be seen in how many of these the Gaullists will now put forward their own man.

The most reliable poll—published by Le Point magazine in early December—gave the left 51 per cent. of the popular vote against 45 per cent. for the majority (the rest going to the ecologists who will stand in 75 seats). The poll suggested that if the left had its own electoral pact the second round of voting would result in a 242 against 231 victory for the majority, and that if there were no left-wing pact a 274 against 199 majority victory. The Gaullists would win 144-163 seats, leaving them the biggest or shortly behind the Socialists as the biggest party, and, in any case, more than outnumbering the combined strength of their allies.

The immediate damage might be felt in marginal seats which would have had a single candidate. But the more important effect is the psychological damage done to the image of a relatively harmonious right—differing on policies but not about the basic conception of society—confronting a left at war with itself over the whole nature of the state.

THE NATIONAL ASSEMBLY IN 1973 *

	Outgoing	Incoming	First Round Vote %
Communists	34	73	21.3
Socialists	41	89	17.7
Radical Left	8	12	1.4
Extreme Left	1	3	3.3
Gaullists	273	184	24
Republicans	61	54	7
Centrist	26	23	3.8
Radicals	15	31	12.5
Others	24	19	—

* The Majority can normally muster 308 votes and the Socialist/Communist alliance 183.

Pre-poll industrial calm likely

BY OUR OWN CORRESPONDENT PARIS, Jan. 12.

THERE SEEMS likely to be relative calm on the industrial relations front during the two-month run-up to the French general elections.

Yesterday, the leaders of the two biggest unions ended a four-hour-long meeting with a vague call for workers to "multiply" their efforts at local level to influence Government and business decisions.

This means that the two unions plan no joint action before the elections and certainly nothing approaching nationwide activity.

Despite their aggressive language, M. Georges Seguy of the Communist-led CGT and M. Edmond Maire of the Socialist-leaning CFDT came to the expected decision to mark time on the industrial relations front.

The whole-hearted CGT support of the Communist campaign against the Socialists and the CFDT's espousal of the Socialist point of view in assessing the causes of the breakdown of the Union of the Left, has put relations between the two under severe strain, quite apart from their different approach to purely industrial questions.

The only way to preserve at elast a facade of solidarity was for the leadership of the unions to keep their heads below the parapet and let the strain be taken at local level. However, even at local level, the two unions are notoriously bad collaborators.

Irish aim to cut jobless rate

By Giles Merritt

DUBLIN, Jan. 12.

THE IRISH GOVERNMENT has outlined an ambitious economic programme for halving the Republic's high unemployment rate by 1980 and sustaining GNP growth at an annual 7 per cent. over the next three years.

In a White Paper entitled National Development 1977-80, the Dublin Government envisages an inflation rate of 7 per cent. by the end of 1978, down from the end-1977 figure of 10½ per cent. and projects that by the end of 1979 and through 1980 inflation will steady at 5 per cent.

Government borrowing as a percentage of GNP is to rise this year to 13 per cent. from the 1977 figure of 11 per cent. to help finance the new Fianna Fail Administration's promised £100m. job creation programme.

But the White Paper envisages borrowing to fall progressively to 10½ per cent. of GNP in 1979 and 8 per cent. by 1980.

A big reduction in the Republic's serious unemployment problem is envisaged. The White Paper sees the present jobless level of around 155,000, or 12 per cent., being reduced to 80,000 by 1980.

Ireland's 1978 budget will not be presented to the Dail (lower house) until February 1. Although protracted employer-labour negotiations on a new national wage agreement limiting wage increases in 1978 to around 5 per cent. show no sign of being resolved, the Irish Government appears confident that it can count on the wages moderation on which its White Paper is based.

It calculates that real increases in consumer consumption this year will be 4-5 per cent., while over the three-year period to 1980 the average annual increase will be 6 per cent.

The White Paper, which will be followed in June by a Green Paper containing detailed proposals on public spending revisions, points out that while Ireland's private sector will "assume a more dominant role in the growth process," from 1979, considerable public sector growth will be required this year.

Arrest is blow to Portuguese Socialists

BY DIANA SMITH LISBON, Jan. 12.

A POLITICAL bombshell has been dropped into the lap of Portuguese Prime Minister Mario Soares at the very moment when talks on the formation of a new Government seemed to be moving towards completion: the arrest of Sr. Edmundo Pedro, who is a former MP, a member of Dr. Soares' Socialist Party's national secretariat and chairman of the Board of the state-owned national television network, RTP.

Tonight, Sr. Pedro was charged with possession of illegal weapons and was ordered to be held in custody pending trial. His niece, charged with him, was also refused bail.

Sr. Pedro was detained in his car yesterday morning by customs agents as he was leaving a warehouse of the domestic appliances company of which he was the proprietor until recently.

Sr. Pedro's arrest took place as Portugal's judiciary police (equivalent of the CID) moved to round up a suspected ring of smugglers thought to be dealing in large quantities of domestic appliances.

However, a judiciary police communique this morning reported that the swoop uncovered 105 kilogrammes of explosives, 66 detonators, 1,000 rounds of ammunition, and several caches of revolvers, repeating rifles and submachine guns, as well as forged identity documents and passport stamps.

There have been persistent rumours for some time about the imminent break-up of a smuggling ring which, some sources claim, is responsible for a third of all sales of domestic appliances, using illegally obtained foreign currency to pay for refrigerators, television sets, washing machines and other gadgets brought into Portugal by unorthodox means.

An embarrassed Socialist Party, which met urgently this morning, also issued a communique, concerning Sr. Pedro's arrest and the discovery of weapons. These weapons, the party communique said, were used in "anti-totalitarian struggles in 1975 which culminated in the events of November 25 that lear."

In any case, due to Sr. Soares's illness, the likelihood of a firm agreement on a new Government by the end of this week has become remote. There are still points to be straightened out between the Socialists and Christian Democrats on the one hand and the Communists on the other.

U.K. urged to stimulate economy

BY ADRIAN DICKS BONN, Jan. 12.

AN APPEAL to Britain to join the ranks of countries undertaking stimulatory measures in the interests of the international economy was issued to-day by West Germany's top economic planner, Dr. Otto Schlecht, State Secretary at the Economics Ministry.

In introductory remarks at a meeting of federal and State economic policy makers in Bonn, Dr. Schlecht said that because present inflation in the West was due more to rising costs than to demand pressures, there were opportunities in several countries for stimulatory action to be taken without pushing up prices.

Although he did not mention the U.K. by name, Dr. Schlecht left no doubt of his meaning when he said that, "in particular, countries which have made progress in balancing their external payments should use the room they have for expansion—even if it is limited."

Dr. Schlecht warned that the "locomotive function" of the German economy, frequently referred to abroad, should not be exaggerated. Because of its higher dependence on foreign trade, which accounted for 27.5 per cent. of gross national product. West Germany was hindered to a greater degree than either the U.S. or Japan in acting as a "locomotive" at a time of weak growth in world trade. The U.S. was dependent to only 10 per cent., and Japan to only 15 per cent. on foreign trade as a proportion of GNP, Dr. Schlecht said.

As a result, both countries were better placed to bring about purely domestic recovery than West Germany, which had discovered that a pessimistic view of export prospects had also had a dampening effect on domestic investment activity.

Storm grows over Poullain

BY JONATHAN CARR BONN, Jan. 12.

THE POLITICAL storm, which erupted after the resignation of a leading West German provincial banker, widened to-day to embrace the Prime Minister of the state of North Rhine-Westphalia, Herr Heinz Kuehn.

He astonished members of the state Parliament by revealing that he had been told by his Justice Minister in November that there was an investigation by the public prosecutor's office involving, among others, Herr Ludwig Poullain, who stepped down just before Christmas as chief executive of the Westdeutsche Landesbank (West LB).

Previously, Herr Kuehn had said that he had not known of this investigation until after Herr Poullain had been re-elected as executive chairman at the start of December. The parliamentary opposition leader promptly demanded Herr Kuehn's resignation.

Herr Poullain had stepped down, saying that he had been accused of taking an advisory post to the detriment of the bank. But he insisted that his activities had not run counter to his responsibilities to the West LB.

Since then, it has emerged that Herr Poullain acted as paid adviser to a property company which has gone into liquidation. The public prosecutor's office has been conducting investigations into the company and those connected with it.

Leading politicians have become involved in the affair because the West LB acts as central bank for North Rhine-Westphalia, and the state has a substantial stake in it.

Official resigns over Oslo oil spill policy

By Fay Gjester

OSLO, Jan. 12.

AN OFFICIAL of Norway's pollution inspectorate has resigned in protest against what he believes are serious deficiencies in Norway's policy for coping with the threat of large-scale pollution from offshore oil activities.

Mr. Stale Eskeland, whose resignation last month was revealed yesterday by the Liberal newspaper, Var Fremtid ("Our Future"), wants the Government to give priority to a scientific analysis of the risks Norway faces as the result of the oil companies' activities.

"We lack totally elementary knowledge about how large a spill can be expected, where the oil would hit the coast, what kind of consistency it will have—whether it will be thin and light, or thick and tending to form lumps—whether it will dissolve in sea water, and so on," Mr. Eskeland said in a radio interview. "Without this very basic information, it is meaningless to say that preparedness is adequate.

● Norwegian electricians doing installation work on the Statfjord A platform in Norway's sector of the North Sea have threatened to strike if their spells of duty on the platform are not shortened to conform with Norway's new worker-protection legislation.

Sr. Santiago Carrillo

Dissident dilemma confronts Carrillo

By Robert Graham

MADRID, Jan. 12.

AFTER THREE months of Olympian silence, the Spanish Communist Party has decided to challenge the damning assertions in a book written by a former member of the party's Central Committee.

The interest lies not so much in the allegations of the book but more in the Party's reaction, which reflects the traditional Communist unease over how to deal with its own dirty linen.

The Autobiography of Federico Sanches was written by Jorge Semprun and published in November. Since then it has been widely read and discussed, praised and even awarded a literary prize usually reserved for novels.

Federico Sanchez was the name that Sr. Semprun used for clandestine party work after the Civil War. Sr. Semprun rose up through the party hierarchy to become Madrid organiser and a member of the Central Committee. Since his expulsion from the Central Committee Sr. Semprun has become a successful script written, including being responsible for the film Z.

The book's damaging contents consist of allegations that the present party leadership sought to stifle debate over doctrine, particularly on what has now become known as Eurocommunism. Sr. Semprun claims that his espousal of Eurocommunism led to his dismissal from the Central Committee in 1964 at the instigation of Sr. Santiago Carrillo, the present leader of the party. Eurocommunism is now the central plank of Sr. Carrillo's policy which he himself enshrined in a book published last year entitled Eurocommunism and the State.

The Semprun book also makes several insinuations about the party's leadership prior to his dismissal. In particular it refers to the death of a leading party figure, Sr. Julian Grimau, who was picked up by the police and executed in 1963 after what was considered the last trial based on Civil War considerations. The insinuation in the book is that Sr. Grimau was known by the party to be at risk but that it knowingly failed to organise his escape from Spain.

Since publication Sr. Semprun has claimed that he has witnesses and even documents for these allegations, but the party consistently refused to acknowledge the book. Only two weeks ago Sr. Carrillo was still saying he had not read it and, moreover, hinted that he had no intention of doing so.

Pressure both from inside the party and from outside it is being brought to bear on Sr. Carrillo, not only to admit that he had read the book but also to reply to it. For though a member of the Central Committee publicly replied to the book just over a week ago, only coming from Sr. Carrillo will a reply be considered truly authoritative.

Hints that he will counter the allegations were made yesterday in one of Madrid's leading papers, but the Communist Party has poured cold water on the idea.

Instead, Sr. Carrillo seems to be hiding behind the editor of the party newspaper, Mundo Obrero, Sr. Federico Melchor, who has bitterly attacked Sr. Semprun, declaring that he has distorted history, "besmirched" the memory of Sr. Grimau, and written pure libel.

The book's publication is the party's first real test under conditions of parliamentary democracy and free public debate on how it handles an internal dispute. Clearly embarrassed by the allegations, the party apparatus has appeared unsure how to reply—if at all. Now, however, it seems that the full forces of condemnation are being brought to bear on Sr. Semprun

David Satter writes from Moscow: The Soviet Union has issued a new attack on the Eurocommunists, criticising their advocacy of ideological and economic pluralism as a formula for preserving capitalist property and the ideology of the bourgeoisie.

An article in New Times, the Soviet foreign affairs weekly, yesterday denounced Sr. Manuel Azcarate, a Spanish Communist Party spokesman, for what it said was his disavowal of Marxism-Leninism and his condemnation of existing socialism, particularly the experience of the Soviet Union.

Recent remarks by Sr. Azcarate that the liberal Spanish Communists have long considered many aspects of Leninism obsolete and do not regard Marxism as absolute truth are "essentially anti-Communist statements," the article said.

New Times also said that statements by Mr. Azcarate that the Communists of Western Europe must openly criticise the Soviet Union if they want to work out their own concept of Communism indicate that he is being "sucked into the quagmire of anti-Sovietism."

DR. URHO KEKKONEN STARTS A FIFTH TERM AS FINLAND'S PRESIDENT SOON

Where foreign policy means maintaining an active neutrality

BY LANCE KEYWORTH IN HELSINKI

DR. URHO KALEVA Kekkonen, 77, will, on March 1, be sworn in for his fifth successive term as President of Finland. That is as certain as anything can be, barring some accident or illness, but the country will first go through all the trappings of a Presidential election.

On January 15-16, the Finns will go to the polls to return a college of 300 electors. The electoral college, in turn, will assemble on February 15 in the granite building of the Parliament to elect the President of the country for a six-year term ending in February 1984. There are four opposition candidates, put up by four splinter parties which between them command 13 of the 200 seats in Parliament. The six major parties backing Mr. Kekkonen command the rest.

In 1956, Mr. Kekkonen was elected President for the first time by the smallest possible majority of votes of the electoral college in a 151-149 verdict. Six years later he was re-elected by a comfortable majority. The same thing happened in 1968. By 1974, before his third term of office had expired, President Kekkonen was "persuaded" to serve another four years (instead of the normal six), but stipulated that he need not fight a campaign. That required a special act temporarily amending the constitution. He has now been Head of State of the Finnish Republic for 22 years, over one-third of its existence. Little did the Finns realise in 1956 that they were electing a president seemingly for life.

The Finnish President has great powers under the constitution. In particular, the foreign policy of the country is his sole prerogative. And for geopolitical reasons foreign policy in Finland means above all, Soviet policy. Together with the late President, J. K. Paasikivi, Mr. Kekkonen has given his name to the foreign policy line pursued by the country: the Passikivi-Kekkonen line is peaceful neutrality and friendship towards all countries, particularly neighbouring states, and especially towards Finland's eastern neighbour, the Soviet Union.

Deliberately and progressively, President Kekkonen has nurtured and developed this policy. He has moved from Mr. Paasikivi's inactive policy to an active neutral policy, one in which Finland is prepared to take initiatives. Essentially, Mr. Kekkonen has pursued his course at the personal level. He meets the Soviet leaders two or three times a year; he has also met the leaders of the most important Western countries.

Finland's economic prosperity is closely dependent on the market economy countries, but its security and political future are even more closely dependent upon remaining on friendly terms with the Soviet Union. The result has been that there is only one man in Finland upon whom the Soviet Government feels it can rely for the continuity of the Passikivi-Kekkonen line of foreign policy.

This creates, of course, a state of affairs which would be considered unusual, to say the least, in a Western democracy. But as long as Finnish-Soviet relations remain as good as they are just now, it must be called a successful foreign policy. Certainly, the Russians bailed Finland out at the time of the oil crisis, by taking more Finnish exports in exchange for imports of Soviet crude oil in lieu of convertible currencies which Finland would have had to borrow.

Equally certainly, the policy exposes Finland to untoward pressures. In 1973 Finland wished to sign an agreement on free trade in industrial goods with the EEC but kept holding back because the Soviet Union thought it would lead to a change in Finnish foreign policy. Only when Mr. Kekkonen agreed to the special arrangement for a four-year fourth term in office were the difficulties ironed out.

In addressing the Conservative Party in his election "campaign" Mr. Kekkonen said that "relations with the Soviet Union no doubt remain delicate." After all he has done personally to "break the iron chains of fear and hatred" (his own words in 1962), this is a disappointing admission. It explains why the six major parties of the country, from Communist to Conservative, put him up as their candidate. They want to give evidence to the Soviet Union that the country is behind Mr. Kekkonen's foreign policy.

The only worry now is whether there will be a sufficiently big turn-out at the polls to lend credibility to this testimony. Mr. Kari Suomalainen, the leading Finnish cartoonist, summed it up beautifully in the dialogue to one of his drawings: "It would be silly if the poll in the Presidential election were less than 50 per cent. But that would be better than if it were 99

AMERICAN NEWS

U.K. may give Guatemala aid to drop Belize claim

BY HUGH O'SHAUGHNESSY

BRITAIN is understood to be offering Guatemala a very large aid package, and the cession of a stretch of Belizean territory thought to contain rich oil deposits in return for Guatemala abandoning its claim to sovereignty over the British colony in Central America.

The way would then be open for Belize to move quickly to independence. At the same time, the question of the supply of British arms to Central America remains in confusion and controversy.

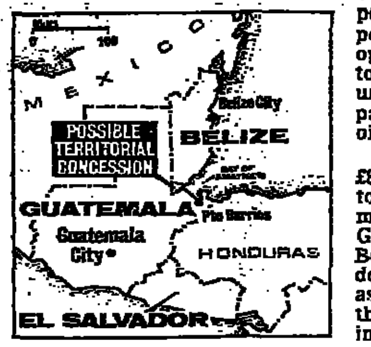
Guatemala's claim, the constantly-repeated threats by successive military regimes in Guatemala City to invade Belize, together with British reluctance to give Belize a defence guarantee against Guatemalan incursions after the Belizeans had graduated to full independence, have held up constitutional progress in Belize.

Mr. George Price, the Belize Premier, has refused to ask Britain for independence in the absence of defence guarantees. Britain has said it would be happy to grant Belize independence but cannot garrison a newly-independent country with British troops. The present British garrison was strengthened in July, in the face of invasion threats from Guatemala.

The report of the big aid package came as the Washington Star ran a report that Britain was preparing to cede the southern tip of Belize as part of a final agreement. This was presumably a reference to the where Exxon is currently drilling a series of wells on behalf of a consortium which also includes International Nickel, Weatherford International and Canadian Superior.

Mr. Ted Rowlands, Minister of State at the Foreign Office, returned to London last night after an unexpected one-day visit to Mr. Cyrus Vance, the U.S. Secretary of State, in Washington, during which a possible settlement of the long-standing U.K.-Guatemala dispute about sovereignty over the remote and lightly-populated territory of Belize was discussed.

Britain is believed to have offered a large financial package to assist the construction of a £100m. oil refinery and petrochemical plant near the newly-discovered Guatemalan oilfield of Rubelsanto. International Nickel, which has made a large investment in the adjoining Exmibal nickel mine, has an interest in the Rubelsanto field.



The new installation is scheduled to produce some 40,000 barrels a day of petroleum products and 1,000 tons a day of ammonia, which would go far towards satisfying Guatemala's domestic fuel and fertiliser needs. For more than a year, the Foreign Office has been indicating that Britain would be willing to provide Guatemala with capital aid, if it would finally adjure its 130-year-old claim to Belize, formerly British Honduras.

The area, which is thought to contain the sort of geological structures as those of Rubelsanto, has been the object of fierce rivalry among international oil companies. This led to a multi-million dollar lawsuit which was settled in the Belizean courts in 1975.

The Foreign Office yesterday commented that no cession of Belizean territory would be made without the agreement of the Belizean government and people. Mr. Price, strongly supported at the UN, has constantly opposed any cession of the land to the Guatemalans, and he is unlikely to change his mind, particularly in the light of the oil search in the area.

On question of the sale of £850,000 worth of British arms to El Salvador, whose government has pledged itself to help Guatemala in any invasion of Belize, reports from San Salvador, the capital, quote ministers as saying that the government there has lost interest in acquiring British weapons, if they cannot be used against Belize.

Cardinal Basil Hume, the Roman Catholic Archbishop of Westminster, who has been opposing the arms sale in the light of the bad human rights record of the Salvadorean government, to-day published the text of his correspondence with Mr. James Callaghan, the British Premier, and Dr. David Owen, the Foreign Secretary, on the subject, and repeated his "distress and concern" that the government is not cancelling the deal.

Owen letter, page 9
Editorial comment, page 16

Surge in U.S. money supply

By Stewart Fleming

NEW YORK, Jan. 12.

A SURGE in the U.S. money supply in the latest banking week has injected a new and potentially unsettling factor into U.S. financial markets already disturbed by the *dollar's performance* on the foreign exchanges.

In the banking week ended January 4, M1 rose rapidly by \$4.1bn. to \$339.8bn. and M2 increased by \$5.6bn. to \$812.6bn.

Money market analysts, in assessing the implications of the latest figures, must also now take into account any reaction on the foreign exchanges. The money markets and bond markets took the statistics calmly, however. One analyst suggested that the markets were anticipating a big increase since this has been for sometime the established, but unexplained, pattern in the first week of a new three-month period.

In addition, interest rates have risen quite sharply over the past week in response to the Federal Reserve *Board's decision to use* rates to support the dollar. Thus the markets are not expecting monetary policy to be adjusted in response to the domestic money supply which has been growing much more slowly over the past two months.

Finally, and perhaps most importantly, one week's figures, particularly at the beginning of the month, are recognised as a *most unreliable guide* to economic decisions. For this reason some foreign exchange traders were also rejecting the suggestion that foreign exchange markets might respond adversely to the statistics.

On the other hand, analysts pointed out that any signs of the money supply getting out of control again as it did last autumn would add a new com*plication to the task of defending* the dollar, particularly if it is seen abroad as pointing towards an increase in inflationary pressure.

Nicaragua riots follow killing

MANAGUA, Jan. 12.

NEW rioting against the government broke out in the Nicaraguan capital to-day shortly before the funeral of Dr. Pedro Joaquin Chamorro, an opposition newspaper editor who was assassinated on Tuesday. The leading campaigner for democratic reform here, he was regarded by many Nicaraguans as a potential president.

Crowds estimated at more than 30,000 ran wild in the streets for hours. Buildings and cars were set ablaze. The national *guard, which is both army and* police force, stayed mostly in its barracks.

Demonstrators raced through the streets chanting, "who killed Chamorro?—Somoza," meaning President Anastasio Somoza, the head of a family which has ruled Nicaragua for 40 years.

Several Somoza family businesses were attacked last night, including a plant which processes human blood plasma for sale abroad.

The national guard has arrested four men on suspicion of murdering Dr. Chamorro. He had devoted his adult life to opposing successive Somoza regimes. He was five times jailed, twice for involvement in coup attempts, and three times exiled.

He built the circulation of his newspaper La Prensa from 3,000 to 60,000, making it the largest selling daily in the country, and maintained outspoken criticism of the Government.

Reuter

Ecuador to go to polls

BY SARITA KENDALL

QUITO, Jan. 12.

ECUADOREANS will have the chance to choose between two constitutional projects in a referendum on Sunday, using their votes for the first time in nearly ten years. If all goes according to the military government's plan, Presidential elections will follow in July and a new civilian President will assume power before the end of the year.

But three Right-wing political movements have been running a strong, well-financed campaign for voters to abstain; and some *fear that abstentions and spoiled* ballots will win the day. Newspaper polls suggest that nearly half of the 1.6m. voters are still undecided, after weeks of bombardment by government and party propaganda.

For a relatively unpoliticised electorate, the choice between two lengthy constitutional documents is baffling, especially as there are few fundamental differences. The new constitution is generally considered to be more progressive, and would allow greater popular participation in the political process than the revised 1945 constitution. Most trade unions, students, and Centre and Left political groupings recommend their supporters to vote for the new project.

Those in favour of the referendum argue that a substantial null vote will serve as a pretext for the ruling military junta to retain power. They claim that any chance of a return to civilian rule must be seized. But the anti-referendum platform rejects the complex road back to democracy chosen by the armed forces, and calls for an immediate constitutional assembly.

The junta president, Vice-Admiral Alfredo Poveda Burbano, has always strongly insisted that the military commitment to hand over government is genuine, but several political leaders have voiced their doubts. Following the arrest of its national director, one party alleged that sectors of the armed forces are trying to sabotage the referendum itself.

In spite of the political and practical problems which have beset referendum organisers, one ex-President, Sr. Galo Plaza, who is responsible for the voting procedure, is hopeful: "I believe the people want it. A minority does not want it, but I am optimistic." Unfortunately, Sr. Plaza will not be able to vote—the computer has accidentally left him (like many others) off the electoral rolls.

Bolivian amnesty

More than 600 people, who are on 15 hunger strikes in four Bolivian cities, won a concession from the military government yesterday when the regime announced an expansion of its amnesty for political exiles and prisoners, UPI reports from La Paz. The offer came two days after the declaration of a state of emergency because of the widespread protest movement, which had drawn support from students and tin miners.

NY mayor rallies support on financing

By John Wyles

NEW YORK, Jan. 12.

BUSINESS and labour leaders in New York have rallied behind a new mayoral initiative aimed at publicising at federal level the case *for a new long-term financing programme for the* city.

The formation of the mayor's coalition represents a determined effort to communicate a public message to the nation that New York has made severe sacrifices since its fiscal crsis broke in 1975, and that it merits long-term help.

Members of the executive com*mittee formed yesterday* include Mr. Walter Wriston, chairman of Citicorp, and Mr. Richard Shinn, president of the Metropolitan Life Insurance Company. Also on the committee is Mr. David Garth, a celebrated media consultant who was responsible for advertising during the election campaign last year of the new mayor, Mr. Edward Koch.

The prominent union leaders include Mr. Victor Gottbaum, of the Municipal Employees' Union, and Mr. Albert Shanker, president of the teachers' union. Pay negotiations covering some 500,000 city employees are due to get under way by the spring, and it is feared that the outcome of these could substantially increase the city's projected \$400m. deficit this year.

Reuter adds: Moody's Investor Service said it raised the rating for Municipal Assistance Corporation for the City of New York 1975 series B First General Resolutions bonds to triple-A from B-double-A.

THE OPENING-UP OF THE AMAZON

End of the bandit era

BY SUE BRANFORD RECENTLY IN PARA STATE

FOR CENTURIES, enormous tracts of the Amazon forest were left undisturbed, isolated from *the hustle and bustle of Brazil's* process of economic growth. The region was only marginally linked to the market, through such activities as rubber-tapping and collecting Brazil nuts. The Amerindians were the main crop-growers, applying the aboriginal method of shifting cultivation, traditionally the only successful form of agriculture in the humid tropics. Ecologists estimate that this form of agriculture can support indefinitely only about 25 people per square mile.

This pattern is now being violently shattered. Roads have been pushed through the forest. Not the 3,500 mile Trans-Amazon highway alone which runs from the poverty-stricken north-east westward to the frontier with Peru, but also roads that make much more economic sense. They link the Amazon with the prosperous South, which provides the region with most of its essential supplies, including foodstuffs.

One of these roads, nearing completion, will run south from the port of Belem, near the mouth of the Amazon River, through Maraba on the Trans-Amazon and eventually link up with the network of roads that leads to Sao Paulo. Called the "cattle integration road," because it passes through the heart of the cattle ranch country, this 1,200-mile long road is of crucial importance to the large companies in the region, such as Volkswagen, Caterpillar and Liquigas, which are planning to use it to transport cattle and eventually corned beef.

The changes that the road is bringing to the area are remarkable. Three years ago, while it was being built, the rough track was hemmed in on both sides by thick forest. Already a few tough peasant families had settled beside the road, despite the total lack of medical assistance, shops, public transport and so on. But the region was very largely uninhabited. Just a very few small towns had sprung up, like Redencao with its 5,000 inhabitants. This was the period when Antonio Delfim Neto, then finance minister, commented: "The Amazon is still in the bandit stage. It is only later that the sheriff will be needed."

Now there are numerous peasant settlements beside the road. Small incursions have been made into the forest, with the vegetation cleared in the traditional slash-and-burn method and the ground then sown with rice and cassava. The cattle companies have arrived too, clearing the land on a much grander scale.

Yet others are using defoliants, above all a diluted form of orange agent, which is imported from the U.S. from stocks left over from the Vietnam war. In this region, it is too early to assess the impact of this large-scale destruction of the forest. In other parts of the Amazon, where the cattle ranches were set up earlier, extremely serious problems of bush invasion and soil nutrient leaching have arisen. "Over-grazing by man" threatens the Amazon jungle, for modern farmers have apparently lost the wisdom of the Amerindians who rigorously respected the forest's ecosystem.

Although the sheriff has arrived, violence continues, if in less open fashion. Throughout the area land rights are extremely confused, with numerous forged documents, issued by different government authorities. In these circumstances, might is still right, particularly as the police forces are notoriously corrupt.

The pace of change is furious. Eighteen months ago, Xinguara did not exist. There was just a tiny unnamed hamlet of a few peasant families, about 150 miles south of Maraba, at the junction with the semi-completed road that will eventually run to the rich mineral deposits and farming land beside the Xingu River. Xinguara now has 1,800 houses, with about 15,000 inhabitants. The explanation of this population explosion, which is startling even by Amazon standards, is simple. As an electoral gambit before the municipal elections in November 1976, the Para State Government announced that farming land was to be distributed free to landless peasants.

However, after the elections the politicians lost interest in the project.

As the peasants wait, the social tension in Xinguara grows. Most of the families are extremely poor; to survive, the men look for jobs on the neighbouring cattle ranches, or travel 150 miles to Sao Felix do Xingu to work in the tin mines.

New wholesale prices increase

By Jurek Martin

WASHINGTON, Jan. 12.

WHOLESALE prices in the U.S. continued to move up in December, largely because of higher food prices.

The Labour Department, which issues these statistics, is now putting out two indices—the traditional wholesale price index and a much newer finished goods price index.

The Department is convinced that the latter is much more accurate than the former, since it does not duplicate price changes in various stages of processing. However, debate over which is the best yardstick is likely to persist for some time.

The old wholesale price index rose in December by 0.5 per cent., less than the 0.8 and 0.7 per cent. of October and November respectively.

But the finished goods price index went up by 0.7 per cent. last month, more than November's 0.4 per cent.

For the year as a whole, under this measurement, wholesale prices rose by 6.6 per cent., which is almost exactly the same as the underlying rate of inflation in the economy.

Meanwhile, the Commerce Department announced to-day that its preliminary surveys showed that American corporations were planning to increase capital investment by only 4.5 per cent. in real terms in 1978, substantially below last year's levels of closer to 8 per cent. which was itself considered barely adequate.

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OVERSEAS NEWS

RHODESIA SETTLEMENT TALKS

Agreement reached on white vote

BY TONY HAWKINS

SALISBURY, Jan. 12

MR. IAN SMITH, the Prime Minister, and Rhodesia's three domestic nationalist parties were to-night reported to have reached agreement in principle on the critical issue of white Parliamentary representation in an independent Zimbabwe.

Sources close to the talks said Mr. Smith, Bishop Abel Muzorewa, the Rev. Ndabaningi Sithole and Chief Jeremiah Chirau had apparently agreed in principle to a bloc of 28 or 27 white seats in a 100-seat House of Parliament.

This would give whites their "blocking quarter" (plus two or three extra seats), thereby enabling them to reject any attempt to erode or abolish white minority safeguards—in respect of property, jobs, pensions etc.—that might come before Parliament after legalised independence.

Speculation that agreement will be announced soon followed another three-hour session between the four leaders at Mr. Smith's official residence this morning. The talks are expected to resume—probably in full plenary session—early next week.

The leaders have still apparently to agree on how long this "blocking mechanism" will last, with the two main nationalist parties Mr. Sithole's African *National Council and Bishop* Muzorewa's United African National Council wanting the agreement to terminate after five and eight years respectively while Mr. Smith is holding out for 15 years.

Once this problem has been overcome, there is only one major issue to be solved the question of the security forces.

Mr. Smith is insisting that the Government of Zimbabwe retains the existing security force structure while the nationalists already under growing pressure from some of their more militant supporters are demanding that there should be integration of guerilla units within the armed forces.

Howeves, in many respects, this is seen as a somewhat academic issue since neither of the two nationalist leaders engaged in the talks has any measurable support from the guerillas, who are fighting on behalf of the Nkomo-Mugabe Patriotic Front.

However, even if this matter *can be solved quickly* and amicably, Rhodesia's problems wil lstill be far from over. The increased intensity of the war in recent weeks is seen as a clear attempt by the guerillas to sabotage any political agreement that might be reached in the current talks.

The war has moved closer to Salisbury in the past fortnight *with last week-end's murder of* two whites—a mother and daughter—on a farm at Norton some 30 miles from Salisbury and last night's murder by terrorists of a 15-year-old white boy only 15 miles from the centre of the capital.

So far this year, official communiques have announced the deaths of 10 white civilians—mainly women and children. Thirty-four black civilians have been murdered by guerillas who have also killed nine off-duty members of the security forces.

Six Rhodesian security force members have died in action and over the same period the guerillas have lost 59 dead.

Michael Holman writes from Lusaka: President Kenneth Kaunda of Zambia to-day unequivocally reaffirmed his opposition to the Rhodesian settlement talks taking place between Prime Minister Ian Smith and internally based black leaders. "The manoeuvres for the so-called internal settlement are tactics to divide the nationalists and the masses," he said.

He also accused South African Prime Minister John Vorster of an "act of double dealing diplomacy" by "talking to the group of five (Britain, Canada, France, West Germany and the U.S.) while maintaining his determination to instal the puppets in Windhoek (capital of Namibia)."

THE MIDDLE EAST

Egypt, Israel closer on Sinai issue

BY ROGER MATTHEWS

CAIRO, Jan. 12.

ISRAEL AND Egypt began a detailed study of each other's security needs in to-day's second session of the military committee that is designed to reach an agreement on the occupied territory of Sinai.

At a news conference, the head of the Egyptian delegation, General Abdel Ghani Gamassy, said he thought there was not too much distance between the two sides, despite reports of a near deadlock over the issue of *Israeli settlements.*

He added that Sinai, occupied by Israel in the 1967 war, was one of many topics and should not be concentrated on to the exclusion of other issues.

However, there was a wish to close the gap on Sinai on the part of both sides, and the General added: "We are not too far apart."

His views were echoed by the leader of the Israeli delegation, Mr. Ezer Weizman, the Minister of Defence. "Both Egypt and Israel have stated their positions on the settlements and think there can be a closing of the gap," he said.

The remarks of both men contrast with the impression that had been built in the past few days by the sharp exchanges between Mr. Menahem Begin, Israel's Premier, and President Anwar Sadat of Egypt.

Military committee sources said the Israeli delegation wanted to link any concessions it might make to the size of the Egyptian armed forces. An agreed and *progressive* reduction in Egyptian troop numbers could produce greater flexibility by Israel and could speed the pace of withdrawal from Sinai.

A third session of the committee was held this evening after which it adjourned to allow the Israeli delegation to return to Jerusalem for consultations and to co-ordinate with those colleagues, headed by Foreign Minister Moshe Dayan, who will be attending next week's opening of the political committee. No further meetings of the military committee are expected before next Tuesday or Wednesday.

Japanese force issue on islands

By Charles Smith

TOKYO, Jan. 12.

JAPAN to-day accused the Soviet Union of "unilaterally negating" an agreement reached in 1973 between Mr. Brezhnev and Mr. Tanaka, then Japan's Prime Minister, to settle "unresolved questions" left over from the Second World War in the course of their negotiations on a peace treaty.

The accusation, made in the name of Mr. Sonoda, the Foreign Minister, came immediately after Mr. Sonoda's return from three days of talks in Moscow during which Japan attempted unsuccessfully to press its claim to four Soviet-occupied islands north of Hokkaido.

The Soviet Union rejected the Japanese claim as it has invariably done in the past. On this occasion, however, the two sides did not even issue a joint communique pledging their determination to continue talks on a peace treaty and referring in general terms to the existence of "unsolved problems." This provides the formal justification for Mr. Sonoda's claim that the Soviet Union has "unilaterally" gone back on the Tanaka-Brezhnev agreement.

In accusing the Russians of breaking their word, Japan is taking its stand on the Japanese record of a conversation which took place between Mr. Tanaka and Mr. Brezhnev towards the end of their October, 1973 talks. According to this, Mr. Tanaka gave his opinion that "unresolved problems" between the two countries which were to be discussed as part of negotiations on a peace treaty included the Japanese territorial claim.

Mr. Brezhnev, according to the Japanese Foreign Ministry, nodded and said something which was translated by the interpreter as "Kekko desu" (Japanese for "That's all right"). The Japanese version does not appear, at any stage, to have been fully accepted by the Soviet side, but the disagreement has been glossed over during previous official meetings between the two sides.

In this week's talks it seems that the Japanese side decided to force the issue and insist either on an explicit statement by Moscow of its willingness to talk about the islands, or on a diplomatic showdown which would give it the opportunity to accuse the Russians of bad faith.

The negative outcome of the Sonoda-Gromyko talks makes no difference to Japan's prospects of recovering the disputed islands. What it does mean is that Japan has given up trying to pretend that it is making progress in furthering its claim and is instead doing its utmost to make the Soviet position on the matter appear unreasonable and inconsistent.

This policy switch could be related to another major foreign policy venture on which Japan is about to embark—the negotiation of a peace and friendship treaty with the People's Republic of China, which is expected to include an "anti-hegemony" clause pledging both countries to oppose efforts by third powers to establish hegemony in Asia.

The Soviet Union claims to see this clause as an attempt to align Japan with China in the Sino-Soviet dispute and has repeatedly warned Japan against signing the treaty.

Other Japanese news, Page 5

Iranian dissidents form body

BY ANDREW WHITLEY

TEHRAN, Jan. 12.

A GROUP of 30 leading Iranian dissidents to-day publicly announced the establishment of the Iranian committee for the defence of liberty and human rights. The announcement was made at the first open Press conference to be held by opposition politicians in Iran for 15 years.

The committee, composed mainly of academics and lawyers, was set up with the avowed purpose of making clear to international opinion what to-day's statement said was "the general lack of freedom and continuous violation of human rights" which could lead to a "serious calamity."

The public appeal to world-wide opinion is an important new development as Iranian nationalists and dissidents alike have traditionally been wary of foreigners. The first action of the new group was to deliver a letter personally to Dr. Kurt Waldheim, the UN Secretary-General in advance of his current trip to Iran, complaining about the violation of rights, arbitrary government and the silencing of independent opinion.

At to-day's Press conference, a committee member said Dr. Waldheim had told them he would take the matter up.

A spokesman for the committee, Dr. Karim Sanjabi, told foreign journalists that the new organisation was not a political body. Its policy would be moderate, he said, within the framework of the international declaration on human rights and the Iranian constitution.

The announcement made frequent reference to the constitution and the popular will of the Iranian people. The basis of the committee's activities would be the constitutional principle that "the country's power emanates from the people." At no stage in the statement was reference made to the Shah.

Condemnation of last Monday's shooting deaths in Qom, south of Tehran, came in the form of a letter sent yesterday to Dr. Amouzegar, the Prime Minister. The unofficial death toll from Monday now stands at around 70.

The letter demanded that those responsible for the police firing, as well *as the author of* the original newspaper article which provoked the disturbances, be brought to justice.

Arafat message for Carter

By Rami G. Khouri

MR. YASSER ARAFAT, leader *of the Palestine Liberation* Organisation (PLO), is sending a personal message of "a warm and conciliatory nature" to President Carter, according to Rep. Paul Findley, an Illinois Republican, in an interview here to-day with the Financial Times.

Mr. Findley feels Mr. Arafat concedes that any Palestinian state to be established in the West Bank and Gaza Strip will have less-than-total independence initially.

Russia condemns Sadat

BY DAVID SATTER

MOSCOW, Jan. 12.

MR. ALEXEI KOSYGIN, the Soviet Premier, to-night said the *Soviet Union will continue* to side with Algeria and other "progressive Arab states" but reiterated Soviet support for a reconvened Geneva peace conference and negotiated Middle East settlement, both of which Algeria and other "rejectionist" states oppose.

Speaking at a Kremlin banquet for Mr. Houari Boumedienne, the Algerian President, who arrived in Moscow to-day from Damascus, after completing a tour of 10 Arab countries, Mr. Kosygin praised Algeria and several hard *line Arab states* for their condemnation of Egyptian President Sadat's seperate peace initiative which he compared to "grovelling before the aggressor."

Mr. Kosygin, however, did not endorse the rejectionists' unyielding stand on the nature of the Middle East conflict. He restated Soviet support for a comprehensive Middle East peace settlement, which he said must be achieved at a reconvened Geneva conference.

Syria boosts defence spending

BY IHSAN HIJAZI

BEIRUT, Jan. 12.

SYRIA has increased its defence *spending for this year by 10 per* cent. amid more speculation about a new arms deal with the Soviet Union.

The 1978 budget submitted to the Syrian People's Council, or parliament, by General Abdel Rahman Khleifawi, the Prime Minister, yesterday put the defence allocations at about 4.4bn. Syrian pounds (approximately \$1.1bn.). This constitutes about *one quarter of the total* budget allocations of 18.2bn. Syrian pounds (\$4.5bn.).

Damascus Radio said the boost in defence spending was because of the new developments in the Middle East.

Informed sources said Syria may have to defend itself against *Israel without Egyptian support* and is not yet sure of immediate Iraqi military backing. According to diplomats, Iraq, though still maintaining its own terms for co-operating with the regime of President Assad in Damascus, has made contingency plans for rushing to Syria's help in the event of an Israeli attack.

The Iraqi forces, numbering about 160,000, were reported *recently to have built concrete* bunkers on the border with Syria where new weapons recently acquired from the Soviet Union have been stored, and would be ready for use at short notice.

Col. Houari Boumedienne, the Algerian leader, renewed his *efforts to eliminate the obstacles* in way of a Syrian-Iraqi reconciliation during his talks in Damascus. His Foreign Minister, Mr. Abdel Aziz Bouteflika, visited Baghdad for a few hours yesterday.

As well as maintaining large numbers of troops on the Golan Heights confronting Israel, Syria has 30,000 troops in Lebanon where they make up the bulk of the Arab League Peace-keeping Force. Syria is also reported to have concluded at the beginning of this month a deal with the Soviet Union during talks in Moscow led by Major-General Hikmat Chehabi, the Syrian Chief of Staff.

New offer on Namibia talks

UNITED NATIONS, Jan. 12.

THE FIVE Western members of the Security Council have made new proposals to South Africa and Swapo to try to save discussions on Namibia, informed sources said to-day.

A date in the *week of January* 22 was now under discussion, they said.

The five were advised by Swapo on Monday that January 17, accepted by South Africa, was not acceptable to Mr. Sam Nujoma, the organisation's president, who is understood to be in poor health.

Reuter

ON OTHER PAGES

Ogaden negotiations hope

BY JUREK MARTIN

WASHINGTON, Jan. 12.

PRESIDENT CARTER to-day said that the U.S. hoped that Somalia would shortly call for negotiations to end its current war with Ethiopia over the disputed Ogaden territory.

This may provide a clue to an oblique State Department reference earlier this week to the fact that the U.S. believed that "progress" had been made during the President's foreign tour towards resolving problems in the Horn of Africa.

Mr. Carter said that such negotiations could take place in the *UN but probably ought to be* conducted directly between the Ethiopians and the Somalis.

At the same time, he said that the U.S. had conveyed to the Soviet Union "in very strong terms" its concern both over the Soviet airlift of military supplies to Ethiopia and the increased number of Cuban personel supporting the revolutionary Government in Addis Ababa.

The Soviet Union, he said, had sold "excessive amounts of weapons both to Somalia and Ethiopia and they are now despatching arms and Cubans into Ethiopia, perhaps to become combatants themselves. This, he added, was an "unwarranted interference in African affairs," an assessment shared by U.S. allies.

Reports in Washington are that Sr. Raoul Castro, brother of the Cuban President, is currently in Ethiopia directing the Cuban support operation. As many as 3,000 Cuban personnel are said, by some sources, to be assisting the revolutionary Government.

Vietnam call for discussions

By Richard Nations

BANGKOK, Jan. 12.

MR. VO DONG GIANG, Vietnam's Vice-Foreign Minister, to-day re-iterated his country's call for "urgent and necessary negotiations" to settle its month-old border war with Cambodia. The appeal, which he made at a Press conference here at the end of a four-nation tour of South-East Asia, was also repeated on a Radio Hanoi broadcast this morning.

Cambodia underscored the dilomatic stalemate, however, with a Radio Phnom Penh broadcast which repeated its apparently contradictory position of claiming "an historic great victory over all Vietnamese aggressors" while demanding that all Vietnamese troops withdraw from Cambodian territory as a precondition of negotiations.

Japanese farmers threaten Government over U.S. deal

BY DOUGLAS RAMSEY

TOKYO, Jan. 12.

THE JAPANESE farm lobby has stepped up its opposition to agricultural trade concessions in the current round of trade talks between the U.S. and Japan. In a public statement addressed to Mr. Robert Strauss, the U.S. special trade negotiator, who arrived in Tokyo last night, Japan's two major farm federations warned that any large increases in Japan's import quotas of beef, oranges and citrus juice might force Japanese farmers to resort to "radical political action" against the present Government.

Simultaneously, Mr. Saburo Fujita, president of the Central Union of Agricultural Co-operatives, presented Prime Minister Takeo Fukuda's personal aide with a petition calling on the Government to reject U.S. demands and protect Japan's livestock and citrus farmers.

Mr. Fujita and other farm leaders spent Thursday morning in a meeting with the agriculture minister, Mr. Ichiro Nakagawa, who reportedly briefed them on details of what concessions Tokyo plans to make in order to put a stop to present trade frictions between Japan and the U.S.

Reports circulating for the past week indicate that Tokyo is willing to go one step further than announced in December as part of Japan's overall import liberalisation package. Mr. Strauss and other U.S. negotiators have been pressing for a major increase in import quotas on beef and citrus.

In December, Tokyo offered to unilaterally increase the quota on hotel beef (a quota mainly taken up by U.S. exporters) from 1,000 tons to 2,000 tons. Washington has asked for a much larger quota of 10,000 tons but the Japanese Government is not expected to go beyond 3,000 tons.

The same may hold true on citrus juice, for which Tokyo has promised to double the quota to 2,000 tons but now seems ready to peg it at 3,000 tons. In the case of oranges, the 1977 quota of 22,000 tons is to be unilaterally increased to 29,500 tons, but may be further increased to 45,000 tons, according to Press reports to-day.

While Mr. Strauss may not be happy with the farm concessions, it is not anticipated that he will write his displeasure into the joint communique which he and his counterpart, External Economic Affairs Minister Nobuhiko Ushiba, are expected to sign tomorrow afternoon. By effectively tripling the import quotas on oranges, hotel beef and citrus juice the Tokyo Government has gone further than most political observers anticipated given the fact that Japan's farming Community is considered the backbone of Mr. Fukuda's ruling LDP party.

The threat of "radical political action" (made in a full-page advertisement placed in the Japan Times this morning and addressed to Mr. Strauss) has not been taken lightly by the Fukuda Government. Neither will the point be lost on Mr. Strauss who has had to face a daily barrage of advertisements in U.S. newspapers placed by U.S. interests asking for wholesale protection from foreign steel, foreign shipping, and so on.

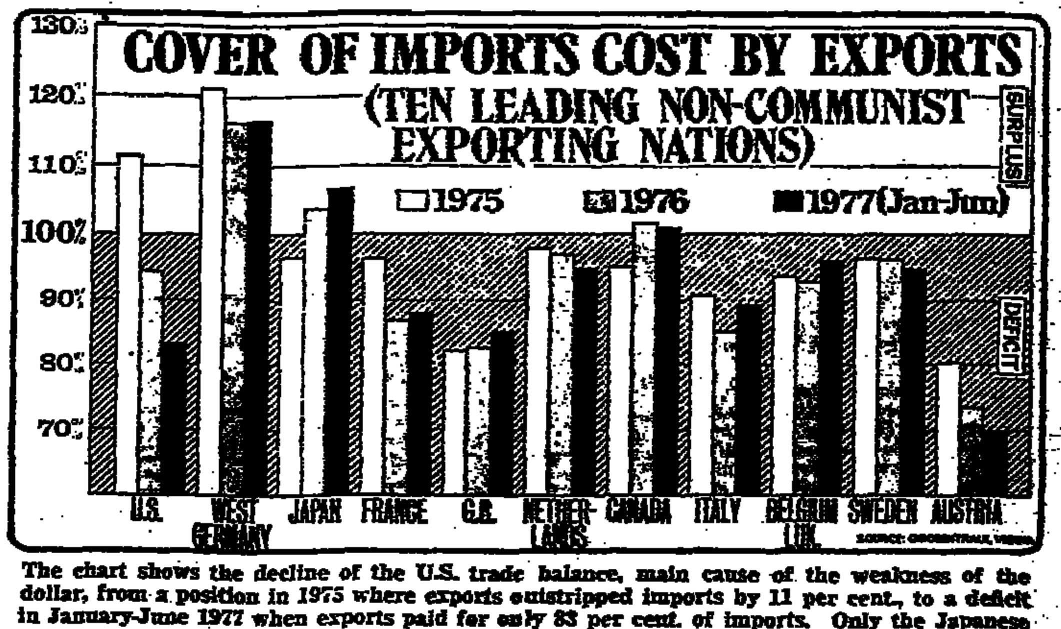
The arguments for protection put forward by the Central Union of Agricultural Co-operatives and the National Federation of Agricultural Co-operative Associations are several. First, the farmers blame the trade imbalance on Japanese manufactured exports. The agricultural trade balance, they point out, showed a Japanese deficit of more than $3bn. in the first half of 1977 alone.

Second, Japan's tangerine farmers would not survive an increase in the quota on oranges and citrus juice. Tangerine prices have already dropped 30 per cent. from the 1976 level, despite a cut in planned production of 400,000 tons to 3.5m. tons which remains 10 per cent. over anticipated demand. The petition reads, "If the import quota for oranges is to be increased under these circumstances, it would surely mean the death knell for our tangerine growers."

Third, the Japanese cattle industry is vulnerable to any increase in imports because it is a small-scale, high-cost business. The average number of cattle raised per farmer in Japan is 4.7 head, and the farmers rely on imported feedstuffs (nearly three-quarters from the U.S.) for between 40 per cent. and 50 per cent. of beef production costs. Thus the advertisement states, "an increase in the import quota for beef would destroy these small-scale cattle farmers and consequently reduce the imports of feeds."

In 1976 Japan imported more than 16m. tons of U.S. feed grains, so the farmers' associations conclude with a warning to Mr. Strauss: "In other words, you have a choice between a policy of selling beef to Japan or selling feed grains. It is for you to choose."

The farm lobby has been especially virulent about trade concessions in the Strauss-Ushiba talks because the present Government appears more open to U.S. demands than past ones. Nevertheless, if Mr. Strauss does not manage to twist the Government's arm into larger quotas on beef and citrus and had to settle for the planned concessions these are unlikely to cost the Government the farm vote in the foreseeable future.



The chart shows the decline of the U.S. trade balance, main cause of the weakness of the dollar, from a position in 1975 where exports outstripped imports by 11 per cent., to a deficit in January-June 1977 when exports paid for only 83 per cent. of imports. Only the Japanese steadily increased import cover, though the West Germans remained at solitary heights with a cover of 116 per cent. in the first half of last year.

China pact signing soon

TOKYO, Jan. 12.

THE Japan-China Association on Economy and Trade said its chairman Mr. Yoshihiro Inayama and other top-level Japanese business leaders hope to sign a new eight-year Sino-Japan trade agreement worth more than $20bn. around mid-February.

Mr. Inayama told Japanese reporters he wishes to go to Peking next month with Mr. Toshiwo Doko, president of the Federation of Economic Organisations (Keidanren) for the signing of the trade pact.

Under the pact, Japan is to boost its oil imports from China to 15m. tonnes a year by 1982 from the 6.8m. tonnes this year, the first year of pact in return for sales of eight industrial plants to China.

Meanwhile, export ship contracts received by Japanese companies in 1977 fell by 39.2 per cent. to 3,545,582 gross tons from 8,835,770 gross tons in 1976

Reuter

Ushiba plans Europe trip to discuss new trade package

BY CHARLES SMITH

TOKYO, Jan. 12.

JAPAN'S Minister for External Economic Relations, Mr. Nobuhiko Ushiba, will visit France, Britain and West Germany after attending the opening of the final phase of GATT talks in Geneva on January 21, the Foreign Ministry here said to-day.

The purpose of his visit will be to explain to European governments the contents of the second "mini-package" of trade liberalisation measures which Japan is expected to offer the U.S. to-morrow in order to settle the trade dispute between the two countries.

Mr. Ushiba will be ready to exchange opinions with European governments about the contents of the package, but will not negotiate, the Foreign Ministry says. This constitutes an indirect reply to the demand made by the EEC Commission on Wednesday that Japan should come up with a further series of import liberalisation beneficial to Europe to balance the moves it will be making to placate the U.S.

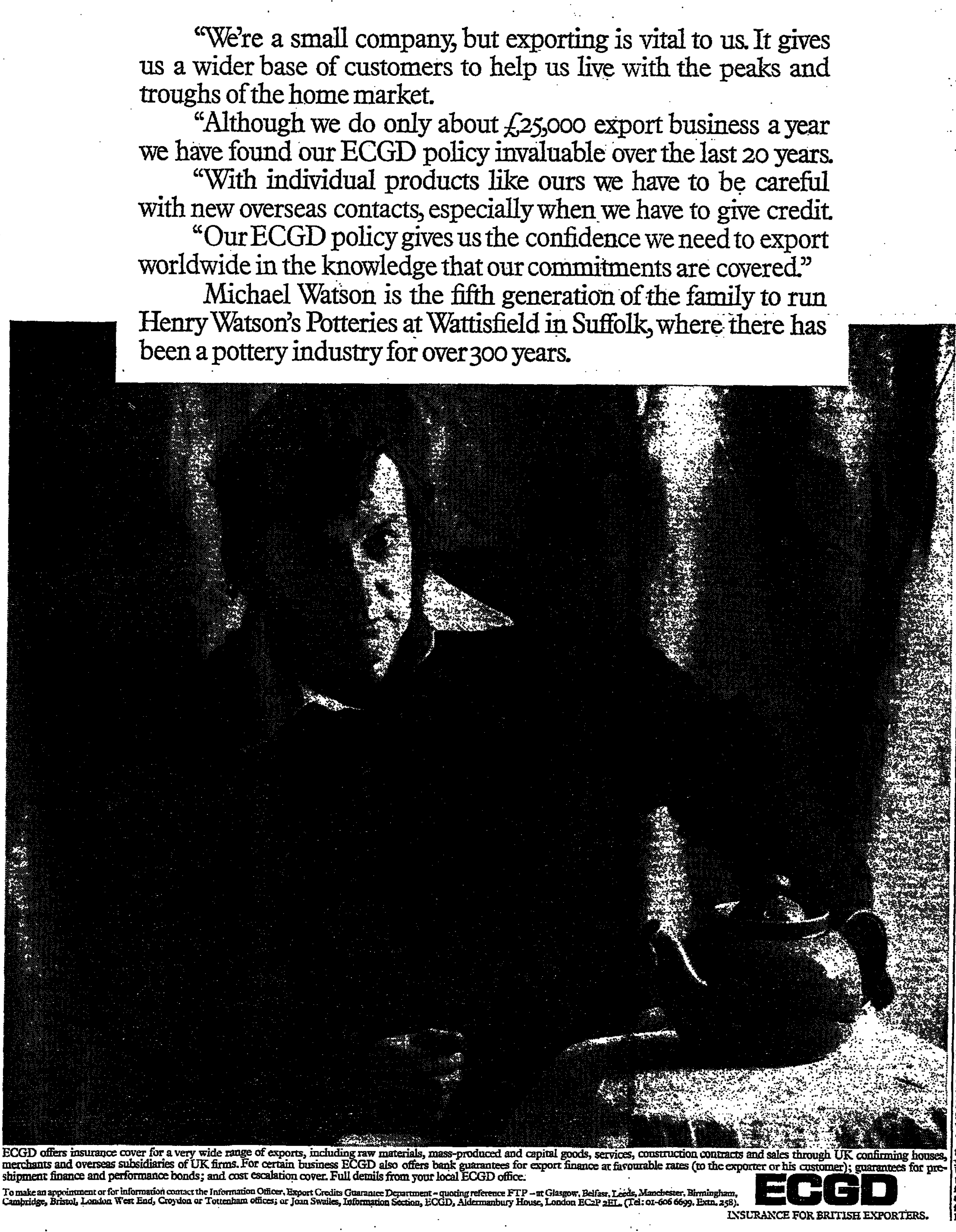
The Japanese view seems to be that any further concessions must form part of Japan's hand in the GATT negotiations themselves, rather than be given away in response to bilateral pressures. The Ministry apparently has no intention of sending Mr. Ushiba to Brussels, where he went after the announcement of Japan's original liberalisation package to explain its contents to the Commission.

Japan's reluctance to be pushed into a situation where it faces leap-frogging demands from the U.S. and Europe for trade concessions may explain why the Government has apparently been less than generous in its response to U.S. demands during the discussions which will formally end tomorrow.

U.S. demands for further series of tariff cuts beyond those offered in the original Japanese package, appear to have been mostly rejected and increases in agricultural import quotas have been held to a minimum. Japan's toughness has had the effect of reducing the trade talks with the U.S. to a diplomatic exercise leading to a pre-destined settlement rather than a genuine bargaining session.

Sen. Edward Kennedy who was asked to comment on the significance of to-morrow's settlement, said in Tokyo to-day that it would be premature to talk of a peace settlement in the trade dispute until the reaction of the U.S. Congress had been tested.

Mr. Kennedy implied that there was a strong probability that Congress would pass protectionist bills during the session due to start in late January.



U.S. 'eases Turkish repayments'

The U.S. Export and Import Bank is willing to postpone payment for some Turkish import debts that have reached maturity, informed sources said in Ankara yesterday, reports AP-DJ. They say Turkey has imported about $300m. worth of goods from various companies under Eximbank guarantee, and recently, $25m. of this came due for payment. But a visiting Eximbank delegation pledged to extend the payment time from three to four years for this debt after consultations with Turkish Central Bank officials, the sources said.

Iran order

Foundry Equipment International has won an £834,365 contract for the supply of foundry equipment to the Iran Tractor Manufacturing Company's new Tabriz casting centre. When completed in early 1979, the new foundry is expected to be the largest in Asia outside the USSR, and will have an annual output of 70,000 tonnes of iron casting for tractors produced under licence from Massey Ferguson and the Rumanian Government.

Soviet textile plant

Stork Brabant, of the Vmf-Stork group, has secured a contract worth D.Fls.9m. (£2m.) from the Soviet Technoprom Import, for equipment destined for the Russian textile industry. The contract was secured in close collaboration with the Peja Export Company and its Moscow office.

Export credit talks

Representatives from the U.S. and 19 other industrialised nations yesterday resumed discussions in an attempt to reach a compromise on export credit terms, AP-DJ reports from Paris. The talks were adjourned on Tuesday following continued differences on whether to harden the existing terms, as sought by the U.S., or to renew the current consensus for another year. The U.S. is also said to be seeking agreement on a "notification system" under which member countries would inform their partners prior to the conclusion of new contracts.

Venezuela visit

U.K. Energy Minister, Dr. Dickson Mabon, is to head a delegation to Venezuela on Saturday for talks on possible export of British hardware and expertise for the South American state's energy industries. The delegation will look at prospects for offshore developments around Venezuela and how to sell British experience built up in the quest for North Sea oil.

Steel prices

The Department of Trade yesterday isued a list of basic prices for imported steel. The list is compiled by the European Economic Commission, whose basic price system for steel imports is now in full operation. This system—which has the force of law—imposes an obligation on steel stockholders not to sell certain products at prices below those of the domestic producer. The National Association of Steel Stockholders said yesterday that it supported the EEC's action.

Pakistan insurance row settled

By Richard Evans

ISLAMABAD, Jan. 12.

PAKISTAN'S military ruler Gen. Zia ul Haq to-day confirmed plans to set up a £60m. tractor plant in association with Massey Ferguson (U.K.) following lenthy and difficult negotiations that at one stage seemed likely to fail.

Confirmation of the contract was given to Mr. James Callaghan during private talks with Gen. Zia.

The talks, on the last stage of the Prime Ministed's tour of the Indian sub-continent, proved much more successful than the British team had dared hope, as Gen. Zia also disclosed that a satisfactory conclusion to the lengthy dispute between Pakistan and leading British insurance companies is now in sight.

In 1972 Pakistan nationalised life assurance and froze the assets of Norwich Union, Pearl and Prudential. Now Gen. Zia has told Mr. Callaghan that his government fully accepted its obligations and would do its best to see that proper compensation is paid. The figure mentioned on the British side in settlement of the frozen assets is £3.5m.

A further element in the talks was Gen. Zia's desire for British participation in the exploitation and development of Pakistan's natural gas fields, particularly in Baluchistan, and this will be followed up with British Gas and U.K. companies interested in participating in an industry with great potential.

The British team was pleased and relieved after the two hours of talks between the leaders. Before the tour Pakistan had been regarded as the most politically sensitive of the three countries to be visited because of the prospect that the presence of the British Prime Minister would give Gen. Zia's military regime undue recognition and respectability, and because of, in the event unfounded, fears of demonstrations by the supporters of Mr. Bhutto, the former Premier, now facing murder charges.

The Massey Ferguson contract, regarded as particularly important because of the dominant position of British equipment in Pakistan's agricultural machinery market, is for a factory in the Karachi area to produce 10,000 vehicles a year. Total foreign exchange costs in setting up the factory of £25m. will be covered by a loan from the U.K.

British pressure on Pakistan to settle the insurance dispute had intensified since 1974 when the Government settled compensation terms with U.S. companies in a similar position under threat of a withdrawal of American aid. Continued failure to settle the claims of the British companies was regarded as discriminatory.

The Prime Minister told Gen. Zia that British aid to Pakistan was to be increased to £20m. in 1978 and would be raised by annual instalments up to 1980-81. Mr. Callaghan emphasised that the value of the aid to Pakistan was that it was in the form of a grant and not a loan.

East Germany on target

BY LESLIE COLITT

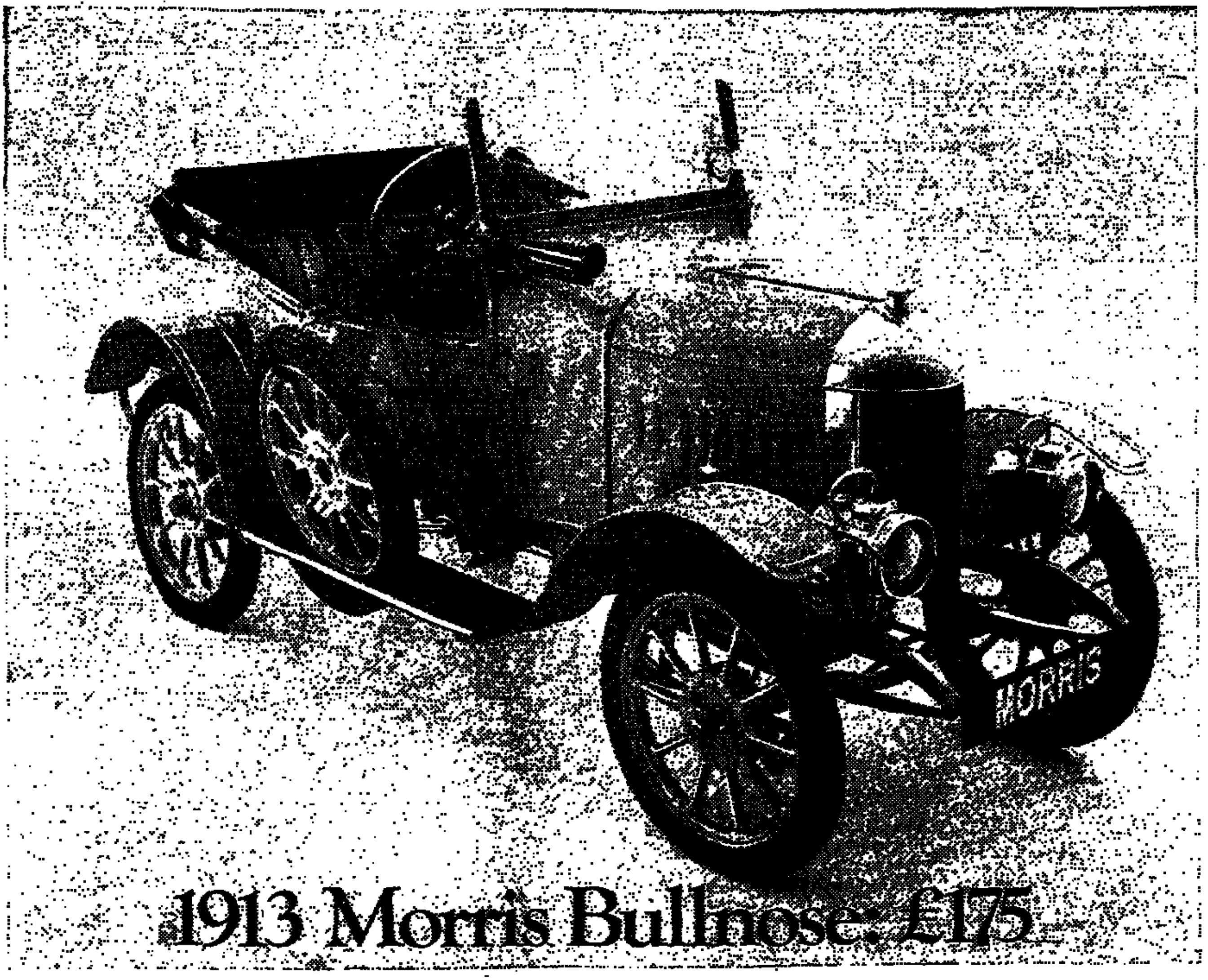
BERLIN, Jan. 12.

EAST GERMANY reports it was almost on target in its economic plan last year. National income, roughly equivalent to gross national product in the West, minus services, rose by 5.2 per cent. compared with the target figure of 5.5 per cent. Industrial production increased by 5.4 per cent. compared with a goal of 5.1 per cent. The latter target was lower than the 5.9 per cent. achieved in 1976.

Total East German foreign trade rose by 7 per cent. last year, with exports to the Soviet Union and other Comecon countries up by 10 per cent. No figures were given, however, on the percentage rise in imports from the Soviet Union, which have led to an ever-widening deficit in East German foreign trade.

Likewise, no statistics are given on trade with the West, and the State's statistical service merely reports that: "Foreign trade with capitalist industrial countries was made more difficult by the capitalist crisis and the resulting trade restrictions imposed by some countries."

Investments were up 6 per cent. last year, including East German investments in Soviet raw materials extraction and in other Comecon industrial projects, compared with the target of 6.5 per cent. The target figure was a high one after the 4.1 per cent. investment growth rate in the last five-year-plan from 1971 through 1975.



1913 Morris Bullnose: £175

1978 Morris Marina: £2886.39

We haven't lost our sense of values.

In this, the Centennial year of William Morris' birth, we'd like to remind you about some of the values the name Morris stands for. William Morris wanted to build a car that was easy to drive, economical to run, and reliable on the road. Above all he wanted to build a car people could afford.

His first volume car was the Morris Bullnose. In 1913 you could buy it for £175. It was economical, reliable, uncomplicated, affordable and very successful.

Today's Morris Value

The equivalent of that £175 is now £3022*. A new 1978 Morris Marina 1.3 Special costs £2886.39. It is economical, reliable, uncomplicated, affordable and very successful.

It's just one of thirteen Marina models, 2 door Coupés, 4 door Saloons, and 5 door Estates in a range that starts at just £2380.95. And today Morris are still creating new values – new standards of comfort, new levels of specification, the unmatched protection of Supercover, available through all Morris outlets.

The Centennial Celebration

This year, our Morris showrooms throughout the country will be celebrating the Morris Centennial. Over the coming months every Morris Marina buyer can look forward to even better value.

So keep your eye on your national and local newspapers. And on your Morris showroom. It's the only place in town which will be improving on the Morris sense of value.

MORRIS CENTENNIAL **Morris Marina.** We haven't lost our sense of values.

*Mid-September 1977 equivalent, calculated from various series of retail price indices. Marina prices from £2380.95 including car tax, VAT and front seat belts. Delivery and number plates extra.

Van and lorry makers do better

By Terry Dodsworth, Motor Industry Correspondent

U.K. commercial vehicle sales reached their best level since 1974 last year, but were still below figures reached in the peak seven-year period starting in 1968.

The figures, released yesterday by the Society of Motor Manufacturers and Traders, show a continuing increase in commercial vehicle imports, which rose to take 16.5 per cent. of sales, compared with 14.1 per cent in the previous year.

Japanese commercial vehicles, which only compete in the light and medium van market at present, recorded a marked expansion in sales from 3.8 per cent. of the market to 5.7 per cent.

Overall sales amounted to 225,222, an improvement of 7.8 per cent. on the previous year. This momentum was maintained in December, when sales were 11.8 per cent. higher at 15,286 than the previous year.

Ford was the market leader last year with 70,265 sales (31.2 per cent. of the market), followed by British Leyland with 57,403 sales (25.5 per cent.), Bedford with 43,047 (19.1 per cent.), and Chrysler with 14,461 (6.5 per cent.).

Encouraging

One encouraging feature for the industry last year was that sales rose across the board in all sectors, from the lightest vans to the heaviest trucks.

Registrations of light, car-derived vehicles rose by 5.7 per cent., for medium vans weighing less than 3.5 tonnes by 12.2 per cent., and for heavy trucks of more than 3.5 tonnes by 7.3 per cent.

The worrying feature for the domestic industry was that imports rose in all these sectors, partly because U.K. production, although higher last year, did not keep pace with the rising market.

In the heavy lorry sector, there was a big surge in imports from DAF, Fiat and Mercedes, and the Japanese scored heavily in the lighter weights.

Plan for 2p on beer to be investigated

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE PRICE Commission is to investigate the 2p a pint beer price increase notified by Allied Breweries, the Double Diamond, Skol, Ind Coope and Tetley group.

This means Allied will not be able to go ahead on Monday with the increases it proposed to implement. These also included higher prices for food and accommodation at its managed outlets.

The Commission is allowed three months for its investigation and in the meantime Allied will next week be submitting an application for an interim price increase in accordance with the established "safeguard" provisions.

Since the new Price Code came into operation, companies in Allied's position generally have been able to get more than half of what they originally planned under the "safeguard" provisions.

There is nothing to prevent the Commission ordering an investigation of other beer price proposals. Two companies—Scottish and Newcastle Breweries and Courage, the Imperial Group subsidiary—have already notified the Commission of planned increases.

As a result, the Stock Exchange reacted adversely in late dealings last night. Allied's shares dropped 4½p to 85½p, Bass was down 5p at 152p, Guinness lost 5½p to 181½p, Whitbread "A" shares fell 3p to 91p and Scottish and Newcastle, which also announced interim results yesterday, were 3p down at 64p.

The Commission gave no reasons for its decision to investigate Allied's proposed increase.

However, with three major breweries already notifying price increases and three more—Bass Charrington, Whitbread and Watney Mann-Truman, the Grand Metropolitan group subsidiary—on the point of doing the same there was a likelihood that most beer prices would go up substantially in February.

One estimate is that this would have added ½ per cent. to the cost of living index.

Undoubtedly, the three big brewers waiting on the sidelines will think again about their proposals and the effect of the reference will be to spread the impact of the beer price increases over several months.

Therefore the reference will please Mr. Roy Hattersley, the Prices Secretary. He is still negotiating with the brewing industry as a whole about the report from the old Price Commission which implied that some structural changes should be made.

Allied said last night that the reference would enable it to demonstrate that it had pegged increases on 95 per cent. of its beers for between nine and 12 months.

"The planned increase of some 7 per cent. in price is therefore extremely modest compared with the rate of inflation last year."

Scots biscuit factory closes

FINANCIAL TIMES REPORTER

THE Co-operative Wholesale Society yesterday announced the closure of its last biscuit factory at Clydebank, Scotland, with the loss of about 330 jobs.

The Society said that the plant had been making substantial losses even before it took over the Scottish Society in 1973.

Losses of nearly £500,000 resulted in spite of the help of the Government's temporary employment subsidy.

The society is seeking aid under the Industry Act to ensure that production is continued at 20 other Scottish plants, involved in a range of products from textiles to fish curing and employing 8,000 workers.

Talks on the aid, expected to total several millions of pounds, are expected to be finalised shortly.

But the proposed investment is unlikely to mean new jobs for the 330 workers made redundant.

The closure at Clydebank means the end of the "chieftain" line of biscuits which have been made in Scotland for the last 75 years.

Last July, Ranks Hovis McDougall closed its Beatties biscuit factory at Drumchapel with the loss of 600 jobs.

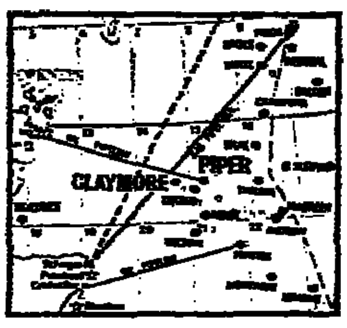
Aerospace exports near record

BY LYNTON McLAIN, INDUSTRIAL STAFF

EXPORTS from the aerospace industry are expected to exceed £1bn. for last year, an all-time record. The Society of British Aerospace Companies said that the total might be as much as £1.2bn., after a record for the first 11 months of £950m.

Exports of aircraft, engines and parts continued at a high level in November. The month's figures were boosted by exports of ground flying training simulators for £2.2m., and instruments valued at £5.5m., bringing the total to £89,114,000, up £11m. on November 1976.

Exports of aircraft and engine parts exceeded sales of new equipment. Aircraft parts worth more than £27m. were sold compared with new aircraft worth £17.3m.



Piper reserves estimate is cut

BY KEVIN DONE

THE ESTIMATED recoverable oil reserves from the Piper Field, one of the most important discoveries in the U.K. sector of the North Sea, have been downgraded seriously after a review carried out by independent consultants.

Thomson North Sea, which has a 20 per cent. share in both the Piper and Claymore Fields, said yesterday that a recent study made by Degolyer and Macnaughton now estimated the recoverable reserves of Piper at 618m. barrels, an 11 per cent. reduction from their earlier estimate of 695m. barrels.

The estimate for the Claymore Field has been reduced from 410m. barrels to 404m. barrels.

The Piper Field had been performing better than expected in recent months and the downward revaluation of the field's recoverable reserves came as a big surprise. The Thomson Organisation's share price fell as a result by 30p to 660p and at one time was as low as 656p.

The operator for the Piper and Claymore Fields is Occidental Petroleum, which has a 36.5 per cent share, and other interests in the group apart from Thomson are Getty Oil (23.5 per cent.) and Allied Chemical (20 per cent.).

Occidental's drilling programme for Piper is still far from complete and it is expected that as the remaining wells are sunk, further revaluations of the reserves will take place. Each well allows the company to draw up a more complete picture of the underwater geology.

Degolyer and Macnaughton has used a recovery factor of 40 per cent. in its estimates. In its first study, it suggested a figure of 642m. barrels for Piper, but this was then up-graded last August.

Using a recovery factor of 50 per cent., Occidental engineers first estimated recoverable reserves at 750m.-800m. barrels, and this figure is still quoted by some oil industry analysts.

Oil production from the Piper Field is expected to peak later this year at 300,000 barrels a day, a flow which should be sustained for some three years.

Company report changes opposed

By Christine Moir

OPPOSITION to proposals in the Government's Green Paper, The Future of Company Reports, is rapidly being marshalled by professional bodies.

After Wednesday's strong attack by the Stock Exchange, further detailed opposition came yesterday from the Consultative Committee of Accountancy Bodies and the Institute of Chartered Secretaries.

Like the Stock Exchange, the accountants approve of the idea of disclosure of information regarding source and application of funds, leasing and hire-purchase commitments, and short-term borrowings.

The secretaries are also in broad agreement on these matters, though they would like to make sure that any breakdown of short-term borrowings does not identify the lender.

The secretaries believe that there is a case for an employment report, though some of the details proposed for inclusion in it are rejected either as irrelevant or as overloading the annual report.

The accountants agree with the Stock Exchange that inclusion of an employment report is both premature and could be better covered by separate legislation.

All three bodies are unanimous that disclosing details of a company's international balance of trade could lead to political pressure abroad which could jeopardise trading relations in some countries.

Proposals for geographical breakdown of financial results also came under fire because, it is said, they could give competitors information which would lead to "an unfair advantage."

Both the secretaries and the accountants also take the opportunity to point out that some of the Green Paper proposals relate directly to the forthcoming Second and Fourth Directives from the EEC on a tiered system of disclosure requirements for companies.

The accountants would like to see large private companies disclosing as much as public companies, but the secretaries concentrate on small private companies whom they think should be exempt even from some existing requirements.

When it comes to comment on the concept of "public accountability" which lies behind the Green Paper, there is once more virtually complete concensus.

North Sea oil groups face tighter rules

BY RAY DAFTER, ENERGY CORRESPONDENT

TOUGHER CONDITIONS for North Sea oil companies are likely to be imposed by the Government this year.

The Energy Department is discussing with operators a plan to approve field developments in stages. Offshore groups would initially be given consent for only the build-up phase of production.

They would have to seek further authorisation for the main production stage the period during which the field is yielding oil at the peak rate, and a separate consent for the final depletion plan. At present companies are given consent for a total field development programme.

Through these changes the Department hopes to ensure that all fields are exploited to the full, in accordance with future depletion policies.

The U.K. offshore operators' association has strongly opposed the plan, which would affect all fields found under licences issued after the fourth round.

Mr. George Williams, the director general, said yesterday that it was impossible for companies to agree on an investment plan for a field without knowing its likely development profile.

"If we invest £1bn. in a field we have to do so on the basis of total production. We cannot put money into a scheme in stages," he said.

The Government is also considering new terms for the next round of exploration licences. Applications for them are expected to be invited this year, although the Government and the British National Oil Corporation are still some way from completing negotiations with oil companies over the previous, fifth round.

Blocks to be offered will include some in the North Sea as well as a number in the new Western Approaches drilling area.

There has been considerable argument over the sphere of BNOC's influence under fifth-round terms, in particular the Corporation's ability to delay or frustrate future field development plans.

The Corporation has also been seeking the right — so far unsuccessfully — to act as spokesman in all future operating groups, irrespective of whether it is the main operator. Traditionally, the operator or lead company of an offshore consortium has acted as spokesman.

Oil companies yesterday complained that the Corporation's involvement in possible changes in offshore consortia was delaying exploration drilling. It acts as Government adviser in all "farm-in" negotiations.

Mr. Tom King, Opposition spokesman on energy, said yesterday that the Conservative Party would severely curb the activities of the Corporation, undertaking a complete review of all its responsibilities.

North Sea oil review, Page 9

GEC awarded £4m. telephones order

BY JOHN LLOYD

MORE THAN £4m. worth of orders for push-button telephones have been placed with GEC Telecommunications by the Post Office.

The orders bring the number of these telephones ordered from the company by the corporation since 1974 to 285,000. This figure includes self-contained keyphones, which are directly interchangeable with ordinary dial phones, and multi-frequency phones, which are compatible with a specially modified private automatic branch exchange.

In all, more than 450,000 keyphones have been ordered by the Post Office from the two major suppliers, GEC and Pye Telecommunications, 300,000 being self-contained keyphones, and the remainder multi-frequency.

The self-contained phones incorporate advanced micro-electronic technology, including a metal-oxide semi-conductor, and a large-scale silicon chip incorporating 1,200 transistors.

This circuit lists push-button keying permitting a ten-digit number to be selected in five seconds, compared with 14 seconds on a rotary dial phone.

Electronic parts venture planned

BY MAX WILKINSON

ESTABLISHMENT of a company for micro-electronic component research and production is being considered by the Government and the three main British companies involved in the field.

The plan is to set up a company rather like International Computers, Limited (ICL), to be formed from the micro-electronic divisions of Plessey, GEC and Ferranti.

Impetus for the mergers would come mainly from the Government's provision of about £25m. or more for research and development into large-scale integrated circuits. The Government hopes industry will back the programme with an equal amount.

It is also anxious that Britain should have a long-term capability in this fast growing technology, where U.S. companies dominate at present.

The investment needed to keep up with developments is well beyond the capability of any one U.K. company, except possibly GEC. As circuits become smaller, expensive electron beam microscopes and other equipment are needed as well as a heavy investment in manpower.

The possibility that Britain could join the U.S. and Japan in competing for the high volume market for standard components has now been ruled out.

Instead, the Government wants to promote research and development into the production of higher value specialised components for use in defence, computers and telecommunications.

One possibility is that the three British-owned companies should set up a co-operative laboratory with Government help. However, many people in the industry would now rather see the establishment of a new company involved in manufacture as well.

The idea is being discussed in a joint working party set up by the Department of Industry. At present, GEC, Ferranti and Plessey are jockeying for position, since it is not clear how the new enterprise would be controlled.

Previous talks between Plessey and Ferranti on a merger of micro-electronic interests foundered partly because Ferranti was, at that time, in financial difficulties. Now Ferranti is well on the road to recovery, the chances of agreement are much brighter.

Taking to the boat yesterday at flood-hit Deal, Kent.

Shipyard debts case not for Ombudsman

THE 2,000 unpaid ordinary creditors of Upper Clyde Shipbuilders are not to have their case investigated by Sir Idwal Pugh, the Ombudsman.

In a decision which may end the creditors' seven-year campaign to prove government liability for their lost £7m., Sir Idwal has said that after taking legal advice he found that an investigation would be outside his jurisdiction.

He had been asked by Mr. Alex Fletcher, MP for Edinburgh North, representing the Upper Clyde liquidator, to investigate alleged maladministration by the Department of Trade and Industry in its relationship with the ill-fated shipbuilding consortium.

The creditors saw this as virtually their last chance of forcing the Government to accept moral responsibility for the debts.

Legal advice has ruled out the possibility of a court action against Whitehall, and the Department of Industry has refused to cover the debts.

The decision will be discussed by the creditors' committee of inspection in Glasgow this month, following which letters will be sent to the affected companies by Mr. Robert C. Smith, the liquidator.

Sharp reaction to the Ombudsman's decision came yesterday from Mr. Donald Maxwell, director of the British Marine Equipment Council.

The decision was "appalling." Unpaid suppliers still felt so bitter because everyone else in the Upper Clyde debacle had ended up with something.

The workers had kept their jobs and the shipowners with vessels on order at the time of the collapse in 1971 had in every case except one received their ships at the original price.

"It is only the poor sub-contractors who have been left without a single penny. I do not think people generally realise that the equipment which went into those last ships and which is now working satisfactorily round the world has never been paid for."

The liquidator recently lodged a suit against the Ministry of Defence in the Court of Session in Edinburgh for more than £1m. alleged to be due for refitting and repair of Admiralty vessels.

The court has already reserved judgment on a previous action by Mr. Smith against the Department of Employment involving £322,000 said to be due in repayments of Selective Employment Tax and Regional Employment Premium.

Both these cases arise from the decision of these two Government Departments to "set off" the sums against money owed by Upper Clyde to other Government Departments, mainly the Inland Revenue. Mr. Smith contends that they do not have this right.

Prospect of plant deals

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE prospect of major chemical plant deals with East Germany could be opened up by the visit to Britain next week of Herr Gunther Wyschofsky, the East German Minister for the Chemical Industry.

He will be in Britain from next Monday on a five-day visit as the guest of Mr. Edmund Dell, the Trade Secretary, and will meet leading companies in the chemicals and chemical engineering sectors and also visit Shell's chemical research centre.

But the main interest could focus on his meetings with Davy International, Petrocarbon and Catalytic—all chemical plant contractors looking to gain a share in forthcoming construction projects in East Germany.

Herr Wyschofsky will also meet several Ministers.

Insurance men go into action

Insurance companies swung into action yesterday to aid householders who suffered damage in Wednesday night's storm, writes Eric Short.

In many cases, this meant advising policyholders how to proceed, alerting local builders to prevent further damage and generally providing a shoulder to cry on.

Norwich Union reported that damage at Kings Lynn was likely to be as bad as two years ago, only this time there was more flood damage. Extra staff have been drafted into the branch in the town to cope with additional work.

But the general impression is that this time, the bulk of the damage is confined to coastal areas, in the the 1976 January storms it was also widespread inland.

Mr. Ron Rees, head of the home division of Sun Alliance and London Assurance, said the company put staff on a red alert to cope with claims resulting from the storms.

Damage in coastal areas of Lincolnshire, Humberside and Yorkshire could be as bad as in the 1953 floods.

Royal Insurance's branch at Canterbury has already received over 400 notification of claims, mostly from flooding in Kent and Sussex. But indications were that the size of claims was not large enough to justify interim payments.

The company had informed brokers to settle claims of up to £200 without making prior reference to the main office.

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Electro parts venture planned

BY MAX WILKIN

HOME NEWS

Building societies urged to stay in line

By Michael Cassell, Building Correspondent

A PREDICTION that a "free for all" in building society interest rates would probably lead to more expensive mortgages came yesterday from Mr. Ralph Stowe, chairman of the Building Societies Association.

His warning came on the eve of a decision from the Association on a new interest rate structure. The present home loans rate of 9½ per cent. is expected to fall by ½ per cent., or even 1 per cent. to-day, while the investors' rate of 6 per cent. net is also expected to be trimmed.

Writing in the Building Societies' Gazette, Mr. Stowe says that the movement is deeply involved in a re-think of its commercial rates policy consequent on the decision last year of some societies not to follow the interest rate structures recommended by the Council of the Building Societies Association.

"The challenge that we face is the suggestion that the system of recommended rates is a cartel operating, perhaps, against the best interests of the consumer and cushioning the least efficient building societies from the full effect of economic forces.

"This is a serious challenge and needs to be examined with care."

If the existing system was abolished it was reasonable to expect that, in the short term, it would lead to higher interest on share and deposit accounts.

"Such a development must, if it is sustained over a period, put an upward pressure on mortgage interest rates and the borrower must, therefore, see any threat of the removal of the recommended rate system as a probable disadvantage so far as he is concerned.

"Nevertheless, if it is practicable for more flexibility to be introduced into BSA recommendations that will benefit the consumer, then this must be seriously considered.

"The question is, do we wait for one of the 'big boys' to set the level and then follow, or do we, as we have usually done in the past, confer in Council and arrive at a recommended level of interest rates which we believe to be in the best interests generally of both investing and borrowing members of societies?

"I have no doubt where the consensus of opinion lies."

Nine bombs blast Belfast

ULSTER SECURITY forces think that the concentrated bombings in Belfast yesterday were an attempt by the Provisional IRA to sharpen conflict in the province after collapse of political talks aimed at agreement on devolution.

Nine bombs exploded within an hour at breakfast time, destroying the premises of four companies and badly damaging two other buildings. A hotel on the outskirts of the city was saved from serious damage.

The terrorists attached cans of petrol to their bombs. Army firefighters were stretched to the limit.

In two cases, the bombs were strapped to butchers' hooks and hung on the protective grilles over shop windows.

Security forces said that it was believed that the Provos were stepping up the bombings in the wake of Mr. Jack Lynch's weekend remarks which led to withdrawal of the Unionist Party from the discussions initiated by Mr. Roy Mason, the Ulster Secretary.

Machine tool sales rise by only 12%

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE MACHINE TOOL industry's difficulties last year are illustrated in statistics which show that sales rose only 12 per cent. in value compared with 1976 to about £400m.

It suggests that in volume terms output might have been down because there were substantial price rises from the U.K. manufacturers last year.

British Leyland's car division, although late in starting its ordering, fulfilled its promise and placed orders worth more than £40m. for machine tool orders last year.

But the impact of the programme on deliveries should be felt mainly this year.

The Machine Tool Trades Association, which has produced estimates of last year's performance, expects Leyland Cars to order about £55m. of machine tools this year.

There was a 31 per cent. improvement in the positive trade balance of the industry last year with exports worth £45m. more than imports, against £34.4m. in the previous year.

Tractor plant

That must reflect to some extent the difference in prices for U.K.-manufactured machine tools and most imports.

Exports last year, at £185m., represented 46 per cent. of total deliveries compared with 49.4 per cent. in 1976. There was only a 4.5 per cent. rise in the value of exports from £176.7m.

The main influence on the industry's export performance promises to be the Polish tractor plant project being carried out by Perkins and which should result in more than £100m. of machine tool orders.

Actual deliveries to Poland moved up to £10.1m. in the first 11 months last year compared with £7.9m. for the whole of the previous year.

While the U.S. and West Germany remained the best customers for U.K. machine tools, new markets which showed significant demand included Iran, Turkey and Nigeria.

Imports were marginally down, from £142.4m. to £140m.

With deliveries to the home market from U.K. manufacturers up by 19 per cent. to £215m., the association estimates that total machine tool "consumption" by British users last year was 10 per cent. ahead at £355m.

Man-made fibres output reaches two-year low

BY LYNTON McLAIN, INDUSTRIAL STAFF

A RECOVERY in performance and prospects in Britain's textile industries is shown in figures released to-day by the Department of Industry.

Output is up in most sectors except man-made fibres, where production is at a two-year low.

Exports are improving with a further cut in the clothing and knitwear import deficit. Cotton prices are falling, employment prospects are slightly better and demand is rising.

Output rose 2 per cent. in the third quarter last year compared with the second quarter, but it was still "well below" the 1976 level. Hosiery and other knitted goods rose 14 per cent. and carpet output rose 10 per cent.

Man-made fibres production fell by 8 per cent. to its lowest level for more than two years. Woollen and worsted cloth production fell by 4 per cent.

But deliveries of made-up clothing, helped by a strong export performance, reached a new peak, 12 per cent. up. By value, exports were up 50 per cent.

The crude trade balance for clothing and knitwear further improved in the third quarter of last year. The £27m. deficit was the lowest for any quarter over the past three years and compared with £82m. in the first quarter and £50m. in the second quarter last year.

Falls in the wholesale price index of materials and fuel purchases by the textile industries continued after the peak in the last quarter of 1976.

There was a 2 per cent. fall in the third quarter of last year.

That was a result of the sharp 30 per cent. fall in the price of raw cotton below the peak quarterly figure at the end of 1976.

The department said that the downward trend continued into the fourth quarter last year. They had been reflected in the falling rate of increase in textile output prices.

That rose by only 1.3 per cent. between the second and third quarters last year, against a 3.3 per cent. rise for all manufactured products.

Total employment in mid-August compared with June last year was 3,000 lower for textiles and 4,000 lower for clothing. But in both sectors it was marginally higher than a year previously.

The largest falls in employment between June and August were in man-made fibres and cotton spinning.

Consumer demand for clothing recovered strongly in the third quarter last year, to finish 7 per cent. up on the second quarter. Demand for household textiles rose 9 per cent. Further rises in consumer spending are forecast for this year.

Motor-cycle sales fall again after boom in oil crisis

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

SALES of motorcycles, mopeds and scooters fell in the U.K. last year by seven per cent. to 256,513, but the industry expects registrations to rise again this year.

Last year's dip comes after a period of rapidly rising sales following the 1973 oil crisis. In 1976, this led to registrations of 272,261, the largest total since the record 331,000 was achieved in 1959.

Part of the decline last year may have been caused by the poorer weather compared with the previous year. In addition, moped sales were hit hard by the introduction of the new restricted-speed vehicles for 16-year-olds in July.

"These slower models have still not sold in quantity, and this one factor accounts for the seven per cent. fall in moped registrations" says the Institute of Motorcycling.

Sales of commuter-style mopeds, many capable of more than 125mpg, have not been affected adversely by the legislation, although overall moped registrations declined from 83,768 to 77,409.

In the motor-cycle sector proper (vehicles of more than 50cc), registrations fell from 188,627 in 1976 to 176,031, while scooter registrations went up from 2,866 to 3,073.

To try to maintain the sales momentum this spring, the industry plans to launch a national advertising campaign.

It is also spending extra income on road safety projects after widespread criticism of the safety of two-wheel machines.

Welsh course launched

By Robin Reeves

THE WELSH language went commercial in Cardiff yesterday with the launching of a course for Welsh learners by the Linguaphone Institute.

The course, for home study, with cassettes records and a textbook of 30 lessons, coincides with an upsurge in interest in learning Welsh.

Plastics consumption stagnates

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE U.K. used 2m. tonnes of plastics last year, almost the same as 1976. In depressed trading conditions throughout Western Europe, production dropped by some 2 per cent.

European Plastics News says, however, that exports continued at a high level reaching 900,000 tonnes. This was 7 per cent. up on 1976.

U.K. demand for plastics, such as polyethylene, pvc (polyvinyl chloride) and polypropylene stagnated last year, compared with a 20 per cent. rise in 1976 when the industry was climbing out of recession.

Imports remained high last year and account for about 40 per cent. of total domestic consumption at some 830,000 tonnes.

Because of the more optimistic forecasts on the U.K. economy this year, consumption of plastics is expected to pick up again with a rise of between 5 and 7 per cent.

European Plastics News also says that optimism has been boosted by the high rate of investment in plant and equipment by plastics processing companies.

Processors reported an improvement in trading conditions towards the end of the year and a number of projects should come on stream this year.

Sir Monty Finniston

Electrical engineers favour register

THE Institution of Electrical Engineers has told Sir Monty Finniston's committee of inquiry into the engineering profession that it is in favour of a statutory register of engineers, writes Kenneth Gooding.

It adds the proviso that it favours a register only if it were coupled with a form of licensing and administered by an independent authority.

The 71,000-strong Institution is the second of the three main engineering societies to come out in favour of a statutory register of engineers to replace the present system of voluntary regulation. The Institution of Mechanical Engineers put the same idea to the Finniston committee but suggested that compulsory registration be supervised by the Council of Engineering Institutions.

The Electricals, who suggest the public would benefit from statutory registration "not dramatically, but by a cumulative effect over a period of years" want independent supervision.

The last of the "big three" institutions to put forward recommendations, the Institute of Civil Engineers, is expected to opt for the status quo and not statutory registration. Adoption of the system would—

- ● Restrict the activity of unqualified people who offer engineering services to the public;
- ● Enable standards and methods of qualification to be adapted more easily than at present to meet changing requirements;
- ● Provide a more effective discipline of the profession.

Vigilance

"We would hesitate to claim that statutory registration and licensing would avoid major disasters and misjudgments," the Electricals state.

"However, we believe that the increased care and vigilance of engineers, brought about by consciousness of their personal legal accountability under a statutory system, could do nothing but good."

Statutory registration without licensing would not be worth the cost and effort needed to introduce it, according to the Institution.

"There can be no doubt that transfer from the present system to an effective statutory system on the lines we are advocating would be a difficult, lengthy and expensive process.

"However, we believe that similar difficulty, time and expense would be involved in trying to remove the weaknesses of the present system while retaining its essential structure.

"We believe that transfer to a statutory system would have a greater chance of eventual success."

LABOUR NEWS

Swan Hunter orders agreed as dispute ends

BY PHILIP BASSETT, LABOUR STAFF

THE SWAN Hunter shipyards on the Tyne are to build four of the seven bulk carriers originally allocated to the group in the £115m. Polish ships deal, following a decision by outfitters at the yard to call off a five-month-long overtime ban.

British Shipbuilders is also to set up an immediate investigation into wages parity for hourly-paid trades in Swan Hunter.

The decision to build the ships at the Swan Hunter yard was announced last night, after outfitters' leaders signed a written guarantee for British Shipbuilders that the Polish ships will be completed on time.

The decision by a big majority of the 1,700 Swan Hunter outfitters to end the ban imposed because of a long-standing grievance over parity with boilermakers, was taken at an hour-long mass meeting at Wallsend.

Negotiations since outfitters received a £5.40 a week "fair wages" award from the Central Arbitration Committee have still not bridged the remaining £2.87 gap to achieve complete parity with the boilermakers.

Mr. Dave Hanson, chairman of the outfitters' stewards, said the men had ended all work restrictions so that their claim could now be progressed through the proper negotiating procedures, "to end once and for all the parity problem in the Swan Hunter group."

He said they were looking for further talks on the issue and hoped for a solution in a matter of weeks.

But the settlement which the outfitters will be offered later this month could, with the £5.40 "fair wages" award which is exempt from the Government's pay guidelines, reverse the positions and put the outfitters well ahead of the boilermakers.

The Boilermakers' Amalgamation, which has now put in its own "fair wages" claim and terminated its present working agreement with Swan Hunter because of the outfitters' £5.40 award, is to seek talks on Monday morning with the Swan Hunter management on the erosion of their pay differentials.

Swan Hunter said they were "delighted" the overtime ban had been lifted. British Shipbuilders also welcomed the lifting of the ban, and said building the Polish ships on the Tyne would improve future prospects for the shipbuilding industry in the area.

Gas workers' leaders reject 8.9% package

BY PAULINE CLARK, LABOUR STAFF

PUBLIC SECTOR employers' determination to hold pay settlements firmly within the Government's guidelines has been underlined in an 8.9 per cent. package offer to 40,000 workers in the gas supply industry.

The offer, representing a basic pay rise of between £4 and £5 with longer holidays for short-service employees, was promptly rejected by union leaders at the industry's first formal meeting of the industry's joint negotiating council. More talks are planned for the end of this month.

Day-long talks on a "substantial" claim for some 96,000 workers in the electricity supply industry were adjourned last night with a commitment to a detailed response from the employers early in February ahead of the mid-March pay settlement date.

The tough line apparently being taken by the gas industry employers throws into a more ominous light the recent warning from Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, of a "real battle" ahead if any attempt is made to treat the power workers like the firemen.

Some sections of the power workers are said to be demanding pay rises of up to 40 per cent. Mr. Chapple has warned that if their aspirations are ignored, the results could be worse than the industrial action which caused serious blackouts last November.

The union has apparently reduced its 17-point list of demands to seven, but Mr. Chapple has made it clear that he will not accept anything less for his members than the benefits being offered to the miners in their area productivity schemes.

The power workers say that they have not received the rewards for retrospective productivity from a 50,000 to 70,000 reduction of the workforce and that their previous differential over the average pay for industrial workers has slipped back to between £1-£1.50 because of the last two years of incomes policy.

Grunwick chief to see ACAS

MR. GEORGE WARD, managing director of the Grunwick film processing plant in North London, has agreed to meet officials of the Advisory, Conciliation and Arbitration Service to discuss their request for ways of conducting a new survey, concerning all Grunwick workers, about trade union membership.

The House of Lords recently ruled that ACAS's recommendation for union recognition at Grunwick was void because it had not properly sounded out the employees' opinion last time.

Threat to pension deal that 'breaks guideline'

BY OUR LABOUR EDITOR

THE Government is considering whether to impose sanctions on the Sun Alliance and London Insurance company for refusing to rescind a pensions deal that the Department of Employment says breaches the incomes policy.

So far Whitehall has failed to persuade the company that the Department's interpretation of the guidelines is correct.

If Ministers decide to act they could, for example, instruct the Ministry of Transport to refuse any application by the company to raise its motor insurance premiums.

The argument turns on the meaning of that part of the White Paper that exempts improvements in occupational pension schemes from the 10 per cent. limit on earnings increases.

Sun Alliance made its pension scheme non-contributory from last September to bring it in line with that of other insurance companies. The Department claims that this is equivalent to a 3 per cent. pay rise, and that the policy allows improvement to benefits but not suspension of contributions.

Suspension was additional to a pay rise for the group's 7,800 staff averaging 9.9 per cent., with a range of 8.9 per cent. for those earning £1,500 a year to 20.4 per cent. for those few earning £9,000.

The Department's continued interest in this deal—which has implications for all companies using the pensions exemption—is reported in the latest issue of Labour Weekly, the Labour Party newspaper.

According to Labour Weekly, a letter, to Mr. Jeff Rooker, Labour MP for Perry Bar, Birmingham, says: "We are now considering whether any discretionary measures can or should be applied to them."

The Department confirmed that it still regarded Sun Alliance as in breach of the policy.

The deal was made with the group's two staff associations.

Strike threat by electricians

By Our Labour Editor

ELECTRICAL contracting companies alleged yesterday that the Department of Employment had changed its mind about the acceptability of a pay deal for 50,000 employees, with the result that they were now faced with industrial action by union members.

The Electrical Contractors Association, which has instructed its affiliates not to risk Government sanctions — notably the withdrawal of public contracts—claimed the department had originally cleared the deal, subject to assurances. Those assurances had been given.

Part of the deal provides "fall-back" payments for electricians not able to secure bonus earnings from new productivity schemes.

Leyland changes to cost 10,000 jobs

By Our Industrial Staff

LEYLAND CARS released details to senior shop stewards yesterday of a planned cut of about 10,000 jobs during the year.

Management is understood to have made it clear that it is prepared for industrial disruption and lost production in implementing the move. But it is hoped that the rundown can be achieved on a voluntary basis and by natural wastage.

The 1978 business plan was presented to the Cars Council, the top-tier worker participation body, yesterday by Mr. Derek Whittaker, outgoing managing director, and Mr. Ray Horrocks, the recently appointed deputy who is to assume control of the Cars Group before reorganisation.

But senior stewards will have to wait until Monday, when they meet Mr. Michael Edwardes, British Leyland chairman, before they get more information about the longer-term rundown of the 130,000-strong labour force and the proposed shape of car operations.

A hostile reaction to Mr. Edwardes' plans to reduce employment can be expected. Shop stewards have called a meeting for January 21 to form a Cars Group combine to plan and co-ordinate opposition.

Management appears determined to tackle the problem of low productivity, even at the cost of strikes and lost vehicles.

Disputes

Disputes, including the month-long toolmakers' strike, meant that Leyland achieved only 70 per cent. of its production target in 1977. Output this year is expected to be some 40,000 vehicles higher at 825,000.

Management is thought to have arrived at this figure after making allowances for industrial disputes both within the company and among component suppliers.

While hoping for a more peaceful year, Leyland is clearly prepared for trouble, not only over the labour cuts but over introduction of the proposed new wages structure and incentive scheme. The jobs reduction does not involve closure of operations.

Tanker drivers end ban

By Our Labour Staff

UNION LEADERS representing petrol tanker drivers at a Total oil depot in the Midlands have called off an overtime ban over a dispute about Bank Holiday payments which has hit supplies to the company's petrol stations in the Birmingham area.

The ban started last week when management refused to pay 20 drivers at the Total depot at West Bromwich their New Year Bank Holiday money because the men were on strike on the day their contracts stipulater they had to be at work to collect it.

But after talks yesterday afternoon with Total management, union leaders have agreed to forgo the Bank Holiday pay in return for the drivers having the chance to work overtime on two Saturdays out of the next four.

The Total dispute was another in a series of tanker drivers' actions which have brought fears of a fuel crisis.

Union officials representing 700 Texaco tanker drivers have turned down the company's latest pay offer.

They will put the Texaco proposals before a delegate conference of Transport and General Workers' Union shop stewards on January 25, but there has been no move by the men towards taking any industrial action.

BP drivers are determined to press ahead with their 30 per cent. claim which they say would mean a £31 increase on their present £59 basic wage, and the 2,200 drivers say they will start an overtime ban on February 1.

Representatives of more than 2,000 Shell petrol tanker drivers will meet Shell management and officials from the Advisory, Conciliation and Arbitration Service for talks to-day because the drivers have rejected a 10 per cent. pay offer.

Esso are still negotiating with their drivers.

Pensions Board warning on contracting out

BY ERIC SHORT

EMPLOYERS were again warned yesterday by Lord Allen of Abbeydale, chairman of the Occupational Pensions Board, that those not submitting applications to contract out of the new State scheme in the proper form incur the risk of paying double pension contributions in April. A significant number are failing to make correct submissions.

He pointed out that all schemes now being submitted should be under the emergency procedures announced by the Board last November and contain the necessary specific undertakings and statements from the company and the company's scheme actuary. The only exception was if the pension scheme was of a standard pattern agreed between the Board and an insurance company.

Without these undertakings the Board could not issue the necessary contracting out certificate and without that certificate employers would have to pay the full contributions to the National Insurance scheme from April until they obtained a certificate. If the relevant documents were not enclosed, then further delays would be incurred.

Employers in doubt should first seek advice from their pensions adviser and in the last resort from the OPB itself.

Fewer company reports qualified

Financial Times Reporter

THE IMPROVEMENT in the business climate last year led to a drop in the number of British company reports qualified by accountants, a study of the magazine Accountancy Age shows.

This fall disguised an increase in the number of qualifications caused by breaches of accounting standards.

Accountancy Age's annual survey showed the qualifications fell to 140 last year from a record 173 in 1976. This fall was good news for industry as it was caused by a sharp reduction in the number of reports qualified on a going concern basis — that is because of doubt about a company's continued viability.

Arms deal case summing up

MR. JAMES Miskin QC, the Recorder of London, began his summing up yesterday in the Old Bailey trial of an Army colonel and two other men who deny corruption charges in connection with a £4m. arms deal with Iran.

The accused are Lt-Col David Arthur Charles Randel, 40, of the Garrison Officers' Mess, Aldershot, Mr. Geoffrey Elliott Wellburn, 40, of Woodside Road, Beaconsfield, Bucks, and Mr. Frank Percival Nurdin, 60, of Barnett Road, Arkley, Herts.

It is expected that the jury will retire to consider its verdicts early next week.

Out-of-court settlement by estate agents

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

WEST END estate agents Herring Son Daw avoided a protracted High Court battle yesterday by settling a claim for damages from the First Chicago U.S. banking group.

First Chicago, the London merchant banking arm of the First National Bank of Chicago, had claimed damages over Herring Daw's valuation of a multi-million pound town centre development site in Aylesbury, Bucks. The site, on Oxford Road, Aylesbury, was valued by the agents in mid-1973.

At the start of the High Court trial yesterday, Mr. Andrew Leggatt, QC, for the bank, announced that a settlement had been reached. No details of the payment have been made.

Herring Daw is only one of a number of surveying firms that have been changed with professional incompetence during the property boom of the early 1970s. Banks which lost money in the subsequent crash have become increasingly willing to take their professional advisers to court following the near £500,000 judgment given against the John D. Wood agency last year.

As a precedent for the First Chicago case, bankers Singer and Friedlander successfully sued Wood over the valuation of a development site.

To-day's Events

GENERAL

Prime Minister ends tour of Indian sub-continent in Pakistan and then meets President Sadat of Egypt at Aswan en route to London.

Building Societies Association considers reduction in mortgage interest rate on same day that its receipts and loans for December are published.

Dr. Dickson Mabon, Minister of State, Energy, leaves for Caracas at head of team of U.K. industrialists in bid to obtain share of Venezuelan offshore market.

President Giscard d'Estaing of France on five-day official visit to Ivory Coast.

Mr. Robert Strauss, U.S. special trade representative, and Mr. Nobuhiko Ushiba, Japanese Minister for External Economic Affairs, expected to make joint announcement following talks in Tokyo on reducing Japanese trade surplus.

European Commission and Distillers Company discuss Scotch whisky prices, Brussels.

Sir Jeremy Morse, chairman, Lloyds Bank, speaks on the Scottish economy, North British Hotel, Edinburgh.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

COMPANY RESULT

Thorn Electrical Industries (half-year).

COMPANY MEETINGS

Carr's Milling, Carlisle, 11.30. Mitchell Cotts, Winchester House, E.C., 12.

BBC staff may call for strike

BY PHILIP BASSETT, LABOUR STAFF

MILITANT members of the Association of Broadcasting Staffs in London are likely to call for an all-out strike by BBC staff at a mass meeting to-day about overtime working by television engineers.

The meeting was arranged yesterday after more than 100 ABS engineers were suspended. A total of 500 ABS members have now been suspended.

ABS told its members not to work their shift because of a dispute over payments and scheduling for engineers working before 8 a.m. and after midnight.

The engineers were suspended, and the ABS replied by ordering all its members in the television news branch to stop work at 3 p.m. yesterday afternoon.

Latest moves considerably intensify the dispute which has led to disruption of BBC TV programmes. Talks this week between the BBC and ABS officials failed to reach an interim agreement which would last until wider negotiations are concluded. These are due to start on January 18 with the ABS and other unions.

In a letter to its members ABS has said: "The BBC seems determined to challenge the whole existence of the union by a policy of wholesale suspensions."

But Mr. Michael Bett, the BBC's director of personnel denied that in a message to all BBC staff. He said: "There is no challenge to the union. The BBC does not believe in union bashing. The suspensions that have taken place have only occurred because of a deliberately disruptive course of action taken by ABS members on instruction from their union."

APPOINTMENTS

INTERNATIONAL APPOINTMENTS

ART GALLERIES

BOND DRAWINGS

ELECTRICITE DE FRANCE
6½% 1967-1979
Loan of U.S.$30,000,000

U.S.$6,000,000 of the issue due for redemption on 15th February, 1978 was drawn by lot on 20th December, 1977 in the presence of a Notary.

BOND NUMBERS DRAWN:
Nos. 3458/12698 incl.
including all the previous redemptions

Amount outstanding after 15th February, 1978: U.S.$6,000,000.

The drawn bonds will cease to bear interest on 15th February, 1978. The bonds presented for reimbursement must be complete with coupons for 15th February, 1979 and following attached, and will be payable according to the conditions shown on the bonds.

15th FEBRUARY, 1976 REPAYMENT
Nos. 13044/19422 incl.
15th FEBRUARY, 1977 REPAYMENT
Nos. 18295/25969 incl.
including all previous repurchases.

PAYING AGENT
Banque de Paris et des Pays-Bas
Pour le Grand-Duche de Luxembourg

CONTRACTS AND TENDERS

سوناطراك

SONATRACH

DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

MINISTRY OF INDUSTRY & ENERGY
ENTREPRISE NATIONAL "SONATRACH"
MARKETING DIVISION
DOMESTIC MARKET DEPARTMENT

International Invitation to Tender No. 4/77

SONATRACH is launching an invitation to tender for the Engineering study, supply of equipment, construction and starting into operation of the following:

A barrelling unit for ammonia with a capacity of 4,000 tons/year in Arzew
- 2,000 tons/year in bottles
- 2,000 tons/year in tank-wagons

Interested companies should apply to:—

SONATRACH, Division Commercialisation,
Direction du Marché Intérieur, D.R.I.
(Base Alcip).
Route des Dunes,
CHERAGA (Algiers) Algeria
Telex: 52.808 DZ — 52.892 DZ — 52.983 DZ

to obtain the tender documents, against a payment of Dinars 200, as from the publication of the present announcement.

Tenders, together with the relevant usual references, should be sent in double sealed envelopes by registered mail to SONATRACH, address above, the inside envelope clearly addressed as follows:

"A ne pas ouvrir — soumission A.0.1. 4/77" by March 1, 1978 at the latest.

Tenderers remain bound by their quotations for a period of one hundred and twenty days. Tenders which do not follow the above-mentioned indications will not be taken into consideration.

LEGAL NOTICES

No. 0058 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TRADERIGHT LIMITED and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 6th day of January 1978, presented to the said Court by DIRECT FARM PRODUCE AND CO. (A FIRM) of 70/71, Parkway Market, Sheffield, S9 4TP Dealers in Fruit and Vegetables, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 6th day of February 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose: and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

TURNER PEACOCK,
1, Raymond Buildings, Gray's Inn,
London, WC1R 5BJ.
Ref: MM/CH/4a.
Tel: 01-405 7899.
London Agents for:
Elliot Smith & Co.,
Westgate House,
1, Chesterfield Road South,
Mansfield, Nottinghamshire.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 3rd day of February 1978

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm. £
Commercial & Industrial Property	4.50	14.00
Residential Property	2.00	9.00
Appointments	4.50	14.00
Business & Investment Opportunities, Corporation Loans, Production Capacity, Businesses For Sale/Wanted	5.25	16.00
Education, Motors Contracts & Tenders, Personal, Gardening	4.25	13.00
Hotels and Travel	2.75	10.00
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Financial Times,
10, Cannon Street, EC4P 4BY

LEGAL NOTICES

No. 0034 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of T. J. GUEST (LONDON FRUIT SUPPLY) LIMITED and in The Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 5th day of January 1978, presented to the said Court by THE HOUSE OF HEYES LIMITED whose registered office is situate at Western International Market, Southall, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 6th day of February 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

MATTHEW TRACKMAN, LIFTON & SPRY,
160, Piccadilly,
London, W1V 0BT.
Ref: KK.
Tel.: 01-493 9876.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 3rd day of February 1978.

THE COMPANIES ACTS 1948 TO 1976
NOTICE TO CREDITORS
G. R. DAWES HOLDINGS LIMITED
(In Members' Voluntary Winding Up)

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the twenty-third day of January 1978, to send their names and addresses, with particulars of their debts or claims, to the undersigned, Edward Raymond Jeynes of Price Waterhouse & Co., 169 Edmund Street, Birmingham B3 2JB, the Liquidator of the Company; and if so required by notice in writing from the said Liquidator either personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice and in default thereof, they will be excluded from the benefit of any distribution made before such debts are proven.

Dated this 19th day of December 1977.
E. R. JEYNES, Liquidator.

NOTE—This notice is purely formal. All known creditors have been or will be paid in full.

PUBLIC NOTICES

FRESHBAKE FOODS LIMITED

Notice is hereby given that in the Petition presented by the above named Company to the Court of Session for sanction of a Scheme of Arrangement and confirmation of Reduction of Capital an Order of the Court dated 21st December, 1977, confirming the Reduction of the Capital of the Company as set forth in the Petition and a Minute which has been approved by the Court were presented for Registration to the Registrar of Companies, 102, George Street, Edinburgh, on Friday, 6th January, 1978.

Shepherd & Wedderburn, W.S.,
16, Charlotte Square, Edinburgh.
Solicitors for the Company.

SUFFOLK COUNTY COUNCIL
£1,000,000 Bills offered 6.1.78 for payment 10.1.78 due 11.4.78 at 5½%. Applications totalled £12½m. £6m. Bills outstanding.

WILTSHIRE COUNTY COUNCIL BILLS
£1,350,000 Bills issued 13 January, 1978, due 14 April, 1978, at 5⁷⁷⁄₁₂₈%. Applications totalled £12.15 million. These are the only Bills outstanding.

PUBLIC NOTICES

Hydrocarbon Technology Projects - Allocation of Funds

The Department of Energy wishes to draw attention to the European Economic Community scheme whereby under Regulation 3056/73 (published in the Official Journal of the European Communities on 13 November 1973) support may be given to technological development projects in the fields of exploration, production, storage and transport of hydrocarbons.

The closing date for applications under this scheme is 28 February 1978.

The Offshore Supplies Office, Alhambra House, 45 Waterloo Street, Glasgow G2 6AS would be glad to advise intending applicants on procedures. Please ring Mr. T. G. Crouch on 041-221 8777 extension 410, or Mr. P. G. Davies of MaTSU on 0235 24141 extension 2541, or Mr. P. M. Topley (CIP Division) at the Department of Energy in London on 01-211 3809.

Funds of approximately £20m per year are allocated to a variety of projects—mostly concerned with offshore technology—at rates of support up to 40%. This support is repayable in the event of the commercial success of a project.

Department of Energy

COMPANY NOTICES

CHILEAN EXTERNAL LONG TERM DEBT:
LAW NO. 8962
CHILEAN GOVERNMENT 8% LOAN 1926

Notice is hereby given that under the Sinking Fund arrangements of the above Loan all outstanding bonds are called for redemption at par on 1st February, 1978, from which date all interest thereon will cease.

Bonds should be presented at the London Offices of Lloyds Bank International Limited, listed on the appropriate forms.

Bonds not assented under Decree Law 8962 of 20th July, 1948, should be presented for assenting and overstamping prior to being presented for redemption. Forms for assenting may be obtained from the aforementioned bank.

GREATERMANS STORES LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO SHAREHOLDERS
DIVIDENDS ON PREFERENCE SHARES

NOTICE IS HEREBY GIVEN that the Board of Directors has declared the following dividends payable on the 28th February, 1978, to 6%, 5%, Second 5% and Third 5% Preference Shareholders respectively, registered in the books of the Company at the close of business on Friday, 27th January, 1978.

A. 6% Cumulative Preference Shares—Dividend No. 84.
A dividend at the rate of 6% per annum for the six months ending 28th February, 1978 — equivalent to 6 cents per share.

B. 5% Cumulative Preference Shares—Dividend No. 70.
A dividend at the rate of 5% per annum for the six months ending 28th February, 1978 — equivalent to 5 cents per share.

C. Second 5% Cumulative Preference Shares—Dividend No. 64.
A dividend at the rate of 5% per annum for the six months ending 28th February, 1978 — equivalent to 5 cents per share.

D. Third 5% Cumulative Preference Shares—Dividend No. 62.
A dividend at the rate of 5% per annum for the six months ending 28th February, 1978 — equivalent to 5 cents per share.

The dividends are declared in South African currency and dividends payable from the London Office will be paid in United Kingdom currency calculated at the rate of exchange ruling between Rand and Sterling on the 14th February, 1978.

Dividend cheques despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief (if any) in respect of South African Taxes.

The Company will, where applicable, deduct the Non-Resident Shareholders' Tax of 15% from dividends payable.

For the purpose of paying the above dividends the Share Registers, in respect of the above Preference Shares, will be closed from the 28th January to the 10th February, 1978, both days inclusive.

Dividend cheques in payment will be posted on or after the 28th February, 1978.

By Order of the Board,
I. B. MEHL, Secretary.

Registered and Transfer Office:
220, Commissioner Street,
JOHANNESBURG.

London Transfer Office:
Granby Registration Services,
Granby House,
95, Southwark Street,
LONDON SE1 0JA.

Notice to Holders of Bearer Depositary Receipts (BDR's) in Common Stock of

HITACHI, LTD.

We are pleased to confirm that copies of the Consolidated Financial Statements as of the half-year ended September 30, 1977 of Hitachi, Ltd., and Consolidated Subsidiaries are now available to BDR Holders upon application to the following Conversion Agents:

Citibank Branches in:—
Amsterdam Frankfurt
Brussels Milan
Paris

and at:
Banque Internationale a Luxembourg S.A., Luxembourg.

Citibank, N.A.
London Depositary
January 13, 1978.

هكذا من الأصل

NORTH SEA OIL REVIEW

BY RAY DAFTER

Tighter rules for Fifth Round and beyond

OFFSHORE oilmen will tell you that it is not only the dramatic forces of winds and waves that create difficulties during exploration and production. Unseen underwater currents also pose considerable problems. So it is with Government regulations.

The far-reaching Petroleum and Submarine Pipelines Act, which was so forcefully argued out within Parliament and the oil industry, now sets the tone of offshore operations. The political ballyhoo may be largely over but quietly the restrictions on North Sea operations are being tightened.

This may be understandable in the light of growing experience. What is questionable is that for a number of issues it takes finely-tuned detection equipment to plot the course of movements.

One proposal now being discussed openly with offshore operators is that fields found under licences issued under this year's fifth round and subsequent allocations should be subject to a phased programme of Government approval. This year the Department of Energy hopes to institute a procedure whereby development would be authorised in three separate stages, each reviewed against the background of latest reservoir information.

The idea is that companies would be given initial development consent to cover, say, the first two-year period of production when wells are being brought on stream. Consent would then be given for the period of peak production providing the Government is satisfied that the best recovery practice is being applied.

Finally, approval would have to be received for the way a field is exploited at the end of its commercial life. This might prove to be the most controversial part of the package, throwing up a possible conflict of commercial considerations and national interest. For instance, the Government might insist that companies maintain production by advanced recovery techniques that might not be commerciably justified in all circumstances.

For this, and a number of other reasons, oil companies are opposed to the phased development proposals. They make the valid point that it is difficult to plan a major risk project such as a field development without a clear idea of the operating regime.

There seems little chance of this proposal being dropped, however. After all, the Petroleum and Submarine Pipelines Act has already prepared the ground in stating that field operators must submit a development programme for a period specified by the Energy Secretary.

Assurances

Although Mr. Anthony Wedgwood Benn may be prepared to provide oil companies with assurances to allay their worst fears, he sees the implementation of a flexible depletion policy as a priority commitment. The phased development of fields is regarded within Whitehall as an essential tool of such a flexible policy, although the depletion rules themselves have yet to be specified. Much depends on the fate of the proposed gas-gathering pipeline network. Now that the Government has received the interim report of the gas-gathering study company it has become even more obvious that the offshore industry may be caught in a trap.

RIG MOVEMENTS OFFSHORE THE U.K.

OPERATOR	RIG	BLOCK	OPERATOR	RIG	BLOCK
Amoco	Aladdin	15/22	Pan Ocean	Venture Two	16/7
Amoco	Sedco 135G	211/27	Pan Ocean	Odin Drill	16/7
BP	Deep Sea Saga	21/1	Phillips	Atlantic One	30/27
BP	Sedco 703	23/26A	Phillips	Western Pacesetter	16/17
BP	Sea Conquest	211/2	Shell	Ocean Voyager	211/16
BP	Atlantic Two	21/6	Shell	Stadrill	211/21
Elf	Pentagone 82	206/7	Shell	Sedco 700	3/12
Hydrocarbons	Offshore Mercury	110/3	Texaco	Sedneth 701	15/23
Mobil	Kingsnorth UK	206/9	Total	Pentagone 84	14/30
Mobil	Sinbad	9/13			

If a pipeline complex is constructed, British Gas will be obliged to buy and resell all of the natural gas that is produced in association with offshore oil. The size of these gas deliveries may well be bigger than the premium fuel market that the Gas Corporation intends to serve. Consequently, it has already started negotiations with oil companies in the southern sector of the North Sea aimed at restricting the production from the early gas fields.

The speed with which associated natural gas reaches Britain's shores largely depends on the depletion policy adopted by Government. Will companies be encouraged to exploit fields as fast as possible, and thus give the economy an even bigger boost in the 1980s, or will they be kept on a tight rein so that as far as possible production matches consumption and reserves are conserved well into the future? The latter option seems the most likely and there are a number of ways in which this could be achieved without the imposition of a well-defined depletion policy. British National Oil Corporation features in most of these.

It is quite likely that within the next few months BNOC and British Gas will be awarded a batch of exploration licences in their own right. These blocks, not offered under the normal licensing round, will be controlled entirely by the two state corporations. As private companies will be excluded there will be no commercial pressure on British Gas or BNOC to develop any fields that are found. In other words, they can sit on reserves until they are needed in the national interest—an effective method of depletion control.

Advisory role

Applications for such sole licences were received from the two state corporations some time ago but I understand that the allocation—a sensitive issue—is being held up pending the passage next month of the Participation Agreements Bill. This piece of legislation is designed to exempt BNOC from the provisions of the Restrictive Trade Practices Act. The Energy Department has been concerned that option agreements which provide BNOC with the right to buy up to 51 per cent. of a field's output might be challenged under the Act.

BNOC's influence in all offshore matters is growing almost daily. The possible future control of over half of the North Sea's oil production—through participation agreements and the Corporation's own equity interest in fields—is just one aspect of its power. It is also exercising its wide-ranging advisory responsibilities. For instance, BNOC has been insisting that it should be consulted on all "farm-in" deals involving possible changes in licence partnership. Oil companies have apparently resisted a move to give BNOC the right of first refusal in all farm-in arrangements. But the very fact that the Corporation has become involved in deals has tended to slow-down this side of North Sea commercial trading. And there is a worrying side-issue to these delays: the drilling of "farm-in" wells is also being held up.

The Corporation has also gained the right to play a major advisory role in the development of Mesa Petroleum's Beatrice Field, although the commercial partners in the venture are still a long way from agreeing state participation terms. Indeed, they are in a group of offshore operators that have so far progressed no further than the discussion stage of participation negotiations. The Hamilton Brothers group involved in the development of the Argyll Field is another. It seemed that the Argyll partners would escape the participation net because of the expected early demise of the field. However, now that there appears to be every sign of revived activity in Argyll the Government has set the participation process in motion.

This might be unfortunate for the Hamilton Brothers group, for there is clear evidence that later signatories of participation agreements are having to accede to stiffer conditions than those that were first to agree BNOC involvement in offshore fields. For example, British Petroleum negotiated an agreement assuring the company of the right to buy back from BNOC a large part of the participation crude. The Shell/Esso and Texaco groups—later signatories—have similar agreements but these can be overridden at the Secretary of State's discretion. It is likely that companies which sign participation deals in the future will have to accept such a revocation clause.

All this is indicative of the progressive nature of North Sea policies. The offshore licensing rounds provide another example. The fifth round concessions were offered to the oil industry in July, 1976, but so far only 15 blocks have been allocated. The operating conditions covering the remaining 29 blocks remain to be settled—it could be summer-time before this happens.

LORD KEARTON . . . seeking a spokesman's role for BNOC.

The problem here is that BNOC is to be a 51 per cent. equity holder in each of the blocks and, as such, is faced with negotiating individual agreements with each group of partners. The oil companies have been uneasy at BNOC's possible range of influence in these concessions. For instance, companies have been seeking assurances that the Corporation will not use its power to unduly delay field development or use information gained in one block to gain a commercial advantage elsewhere.

BNOC has also been trying to negotiate the right to act as spokesman in each of the fifth round blocks, irrespective of whether or not it is the field operator. Perhaps Lord Kearton, the Corporation's chairman, has been watching progress in the Statfjord Field where Statoil, Norway's State oil corporation, is the mouthpiece for all statements.

So far, oil companies have successfully opposed the concept of BNOC becoming the sole fifth round spokesman. But that is not to say that the Corporation will not get its way in the end.

For the Department of Energy has now started to prepare the way for the sixth round of licences, expected to be offered this year. One possibility is that some points that may have proved to be sticky during the fifth round negotiations will be published as conditions of acceptance for further rounds. In effect, oil companies would be told: "Take it or leave it."

Concern

Whether this will happen is still unclear for there are signs—admittedly only faint ones at present—that the Department of Energy officials themselves are becoming concerned at the pace with which BNOC's monitoring and advisory roles are growing.

Sixth round licensing conditions, new development authorisation proposals, and the latest batch of state participation deals—all of which are expected this year—should give a clue as to whether BNOC's appetite for more work and increasing influence has yet been satisfied.

PARLIAMENT and POLITICS

Foot faces shouts of 'cover-up' over steel industry papers

BY IVOR OWEN, PARLIAMENTARY STAFF

A DETERMINED Mr. Michael Foot, Leader of the House, yesterday staked out the ground on which Ministers will fight the attempt to use the clash over the steel industry to strengthen the control of the Commons over the Executive through the Select Committee sytem.

Ignoring shouts of "Cover up" from the Tory benches, he resolutely refused to promise an early debate on the demand by the all-party Select Committee on Nationalised Industries for access to confidential papers on the financial prospects of the British Steel Corporation.

Mr. Foot insisted that the normal procedure should be followed. The Government must first be allowed to publish its reply to the Select Committee's strictures and then a discussion could take place on the charges made by the committee and the defence put up by Ministers.

With a strong chorus of support from a section of the Labour backbenches — mostly Left-wingers—Mr. Foot also maintained that any proposal for strengthening the role of Select Committees should not be based on action proposed in a single report covering a particular industry.

Important issues were at stake and the full implications needed to be taken into account—a task which he believed was already being undertaken by the Select Committee on Procedure.

Mr. Foot's suggestion that the House would be wise to await the Procedure Committee's views was impatiently brushed aside by Tory MPs. They cheered when Mrs. Margaret Thatcher, Opposition leader, backed the stand taken by the Select Committee on Nationalised Industries.

In its examination of the steel industry, she said, the Select Committee had been charged with the duty of making an objective assessment to the House. "How can it do that if vital figures and facts are denied to it?" she demanded.

Mrs. Thatcher underlined the fact that a Select Committee was able to withhold confidential information from its report. But with such information in its possession, it was able to make a proper assessment to the House of Commons, which was accountable to the people.

As protests continued to flow from the Opposition benches, Mr. Foot replied that the Select Committee which had enquired into the steel industry had been supplied with all the facts which were normally supplied to any comparable committee.

What the Government and BSC had done was to follow the conventions of similar situations in the past. If these conventions were to be altered, the House, as a whole, should consider the matter.

Mr. Foot also won support from Labour backbenchers when he argued that a strengthening of the Select Committee system, with a membership necessarily confined to a limited number of MPs, must inevitably be at the expense of the House itself, which was composed of all MPs.

Pressing for an early two-day debate on steel, in accordance with the recommendation the Select Committee had made, Mrs. Thatcher refused to accept that the Government should first be allowed to publish its reply to the report.

"That just won't do," she snapped, adding that Mr. Foot seemed to be unduly on the defensive.

But the Leader of the House was adamant. The normal procedure which allowed such debates to be based both on the Select Committee's report and the Government's reply to it should be followed.

When Mr. Enoch Powell (UU, Down S.) contended that refusal to give evidence to a Select Committee or to provide "papers" constituted a contempt of the House, Mr. Foot replied that a finding of contempt was dependent on the House itself approving an appropriate motion.

He asserted that the action of the BSC and the Government in following exactly the conventions of the House could not in any circumstances, or in any way, be described as a contempt.

Mr. George Cunningham (Lab., Islington S and Finsbury) asked for a ruling by the Speaker whether a contempt of the House could arise in cases where a Select Committee made a formal order requiring papers to be produced or witnesses to give evidence.

The Speaker promised to give a ruling early next week.

Mr. William Hamilton (Lab., Central Fife) said he believed that the majority of backbenchers felt insulted when a Government department refused to divulge documents relevant to the investigation in hand. "If this is to be constant practice of the Government, the claim to have open Government is a nonsense," he declared, amid cheers.

Other Labour backbenchers, especially those from steel constituencies, cheered Mr. Robert Kilroy-Silk (Lab., Ormskirk) when he declared: "We on this side of the House, are more concerned about the protection of jobs than the production of documents."

Clash on Nationalist bid for PR voting

BY JOHN HUNT

THE SCOTTISH and Welsh Nationalists last night fought a rearguard action in the Commons in an attempt to get some form of proportional representation for the elections to the European Parliament.

When debate resumed on the European Assembly Elections Bill, they pressed an amendment to use the alternative vote system despite the fact that only last month the House decisively rejected PR and voted for the traditional "first past the post" method.

Proposing the amendment, Mr. George Reid (SNP, East Stirling and Clackmannan) soon came under furious attack from Mr. Eric Heffer (Lab., Walton).

"If you have the system he suggests, all Labour voters wro do not want Tories as second preference, will vote SNP," he protested.

"He must think we were born yesterday. We are not stupid. They are trying to put one over on this House."

As Mr. Reid tried to continue with his speech, Mr. Heffer shouted across the Chamber: "You are stupid. You are daft."

Mr. Reid explained that under his suggested method, voters would number their candidates in order of preference. If a candidate received 50 per cent. of first preferences, he was elected. If not, the bottom candidate dropped out and his votes were re-distributed until someone had over 50 per cent.

According to Mr. Reid, the main advantage was that a candidate would have to get a majority of popular support in order to be elected.

It would also give the Liberals a fighting chance to obtain representation in the European Parliament. Unlike the regional list, it did not turn selection of candidates over to the national executives of the parties.

His argument was opposed by Mr. Merlyn Rees, Home Secretary, who said there were many examples which showed that the alternative vote system failed as a method of proportional representation.

It gave no clear advantage over a simple majority system and could produce some distortions. It was not necessarily more proportional and it had none of the compensating factors of familiarity.

It was not likely to be adopted by any other European country and had been widely criticised, even by those countries which used it.

Ulster Unionists meet to-day

BY OUR BELFAST CORRESPONDENT

A CRISIS meeting of Ulster Unionists, including the Westminster MPs, will be held to-day to decide the future of political talks in the province.

Mr. Harry West, who this week withdrew his official Unionists from the present series of discussions, said last night that he was "not satisfied" with Mr. Roy Mason's statement in the Commons yesterday.

Although Mr. West has limited his public comments to the ritual calls for majority rule, there is a growing demand within his party for total integration with the U.K.

Mason rules out protest over Lynch remarks

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

IN A CONCILIATORY statement to the Commons yesterday, Mr. Roy Mason, Northern Ireland Secretary, told MPs that Britain will not be making a formal protest to the Irish Government over the controversial remarks by Mr. Jack Lynch about Irish unity.

From the tone of his answers, Mr. Mason made it clear that although the Irish Premier's intervention had been extremely ill-advised, the Government now considers the incident closed.

In a week-end radio interview, Mr. Lynch urged Britain to consider removing the "steel wall" which prevented Irish unity, and also spoke of the possibility of an amnesty for IRA prisoners in Eire.

As a result, the four-party talks in Ulster on the establishment of a new assembly for some form of local government were put into abeyance by the walkout of the official Ulster Unionist Party and the Rev. Ian Paisley's Democratic Unionist Party.

Mr. Mason emphasised yesterday, however, that as far as he was concerned, the talks had not broken down, and there was no reason why they should not continue.

During the Commons exchanges, there was angry denunciation of Mr. Lynch's action. Mr. William van Straubenzee (C. Wokingham) accused him of having shown all the finesse of "an educationally subnormal elephant."

But in his replies, Mr. Mason went to great lengths to take the heat out of the row and to limit the damage which had been done.

He told the House that he could understand that the four parties in the talks wanted to proceed with caution and he did not wish to force the pace. "I hope that the talks within the framework I have put forward will continue in due course. My door is always open," the Secretary of State declared.

These discussions, he added, provided the best opportunity for the return of substantial power and responsibility to locally elected representatives. It was envisaged that the representatives would exercise control over major Government services, other than law and order, and have a consultative role on legislation.

"I do not think that Mr. Lynch had in mind that he was going to purposely jeopardise or sabotage the talks," Mr. Mason went on. "But he had to be politely reminded that the policy of the Government—a bipartisan policy—is that Northern Ireland remains part of the U.K. so long as the majority of the people in the province so decree."

He was pleased to see that in his second statement, Mr. Lynch had removed most of the ambiguity about an amnesty. It was, therefore, not necessary to make any more representations about the matter.

All the same, he thought that Mr. Lynch must have been aware that there would be Unionist reaction to his remarks.

There were cheers from MPs, as the Ulster Secretary emphasised that, as far as Britain was concerned, there would never be an amnesty in Northern Ireland "for those criminals who have been sentenced and who have been responsible for murders and bombings."

Mr. Airey Neave, Conservative spokesman on Northern Ireland, said that the Prime Minister should ask Mr. Lynch to "set at rest the very serious doubts he has now raised as to his own attitude to the Provisional IRA."

Mr. Neave accused Mr. Lynch of a breach of diplomatic practice, and thought it was very undesirable for him to comment on an amnesty when he had no responsibility for Northern Ireland.

Mr. James Molyneaux, leader of the Ulster Unionists at Westminster, said that Mr. Lynch had given "irresponsible encouragement" to terrorists, and called for an increase in the effectiveness of security forces in the province.

An opposite view was taken by Mr. Gerry Fitt (SDLP, Belfast W.), who complained of the "hysteria" aroused by what Mr. Lynch had said. He thought the Irish Prime Minister was merely re-stating his party's policy and was not giving credence or support to the IRA in Northern Ireland.

The Ulster Secretary pointed out to him that Mr. Lynch's remarks had certainly caused reverberations in the Republic, in Ulster, and the U.K.

To the surprise of MPs, Mr. Stan Thorne (Lab., Preston S.) said that Mr. Lynch had said nothing which offended against traditional Labour Party support for a united Ireland. Mr. Thorne argued that the Unionists had merely used the statement as an excuse to torpedo Ulster talks.

Bill proposed to reduce court threat to ACAS

BY RUPERT CORNWELL, LOBBY STAFF

A LABOUR MP's Bill to ensure that employers co-operate with the Government-sponsored arbitration service, ACAS, in contentious industrial disputes like Grunwick, was published yesterday.

The measure, which amends part of the 1975 Employment Protection Act, is being introduced by Mr. Ted Fletcher, MP for Darlington and leader of the Left-wing Tribune Group at Westminster. It looks to have a reasonable chance of reaching the statute book.

Not only did the Government make available its own draftsmen to prepare it, but it comes first in the queue of private members' Bills for this session, meaning that time for its debate should be available. The second reading debate is due on Friday week.

Ministers are likely to view with sympathy the measure's progress through the Commons. The main risk lies in the powerful opposition to be expected from the Tories, backed by the CBI. Early signs are that the Liberal response will not be unfavourable.

Mr. Fletcher made clear yesterday that the Bill is designed to answer the challenge to ACAS embodied in the recent Lords ruling that its report on Grunwick was not valid. It stipulates that henceforth ACAS's duty to check the opinion of workers should extend only to what is "reasonably practical."

Mr. Fletcher declared: "This will reduce to the minimum an employer's chance of mounting a successful court action against an ACAS inquiry which his own obstructive tactics have impeded."

The Bill contains a provision removing any requirement on the arbitration service to consult bodies "concerned with the interest of workers" which are not independent trade unions. Nor will it be obliged to seek the views of workers if they want to be represented by such a body.

There is also a clause making clear the distinction between ACAS questionnaires on a dispute and formal ballots. Mr. Fletcher claimed that courts had on occasion held that such questionnaires could constitute ballots and his Bill lays down that they are not to be so treated without prior agreement between employer and union involved on the consequences to follow its result.

North Sea fishing areas lost to oil, MPs told

NORTH SEA oil is "one very big headache" for Scottish fishermen, a committee of MPs investigating the fishing industry was told yesterday.

Mr. Gilbert Buchan, vice-president of the Scottish Fishermen's Federation, said that whole areas of the North Sea were being lost to fishermen.

"The North Sea is becoming more like Spaghetti Junction every day. We now have a proliferation of gas pipelines from platform to platform," he said.

There was a vital need for legislation, and the Government should accept more responsibility for the situation it created when it licensed the oil companies.

Mr. William Hay, chairman of the Scottish Inshore White Fish Producers, warned that the possible closure of Norwegian fishing grounds if the EEC failed to reach agreement could be "the worst thing that's happened to the Scottish fishing industry for very many years."

It would be very difficult to keep the fleet going without access to Norwegian waters, he added.

19 firms on pay 'blacklist'

THERE ARE 19 firms on the Government's "blacklist" for having made pay settlements above the 10 per cent. guideline.

In a Commons written reply, Mr. Robert Sheldon, Financial Secretary to the Treasury, said: "The number of firms for the time being affected by Government discretionary action varies from day to day, as up to date information comes in about their pay settlements.

"The number of firms currently blacklisted is 19." A Treasury spokesman said later: "It is not the general practice to give the names of these firms."

Greek PM to visit London

FINANCIAL TIMES REPORTER

THE GREEK Prime Minister, Mr. Constantine Karamanlis, is to visit London on January 25 for talks with Mr. James Callaghan about Greece's bid to join the EEC.

The talks come at the beginning of a four-nation tour by the Greek Prime Minister designed to speed up negotiations for EEC membership.

Mr. Karamanlis will go on from London for discussions with Belgian leaders and the EEC Commission in Brussels, a meeting with President Giscard d'Estaing in aPris, and talks with Chancellor Helmut Schmidt in Bonn.

During his visit to Brussels, he will also have talks with Dr. Joseph Luns, Secretary-General of NATO, about Greek relations with the alliance.

El Salvador arms sale assurance

DR. DAVID OWEN, Foreign Secretary, has warned that British armoured vehicles destined for the Central American state of El Salvador should not be used for "internal repression."

In a letter to Cardinal Hume, Archbishop of Westminster, who has urged cancellation of the sale, Dr. Owen said that the British Government had also stipulated that the vehicles should not be used in any circumstances against the British colony of Belize.

Dr. Owen said he shared the archbishop's concern at "the failures in observance of human rights" in El Salvador.

Ministers had recently reviewed the contract because of their concern. But because of the contractual position it had been decided "with much reluctance" to go ahead.

Cardinal Hume said in a statement that he was "distressed and perplexed" that the Government should go ahead with the deal.

"The expressions of concern by the churches of Britain, by human rights groups, and by politicians of all parties, seem to have met with little response," he added.

Paraguay protest by George

AN MP IS to raise in Parliament allegations of the "systematic and brutal extermination" of the forest Indians in Paraguay.

Mr. Bruce George, Labour MP for Walsall South, yesterday tabled a Commons question to Dr. David Owen, Foreign Secretary, requesting him to raise the issue at the United Nations Human Rights Commission.

He has also asked Mrs. Judith Hart, Minister for Overseas Development, to stop all British Government aid to Paraguay.

Mr. George said: "A recent report by Survival International claims that these forest dwellers have found themselves in the way of 'progress' in the form of Paraguay's deforestation programme. "As a result, they are subjected to brutal manhunts, sold as slaves, and forced to witness the destruction of their culture." he declared.

Mr. George said that world opinion must be mobilised in opposition to this policy if the Indians were to survive as a people.

Race statement

Financial Times Reporter

LORD ELWYN-JONES, the Lord Chancellor, is to make a statement to-day about the controversial remarks of Judge Neil McKinnon, in the "niggers, wogs and coons" race case.

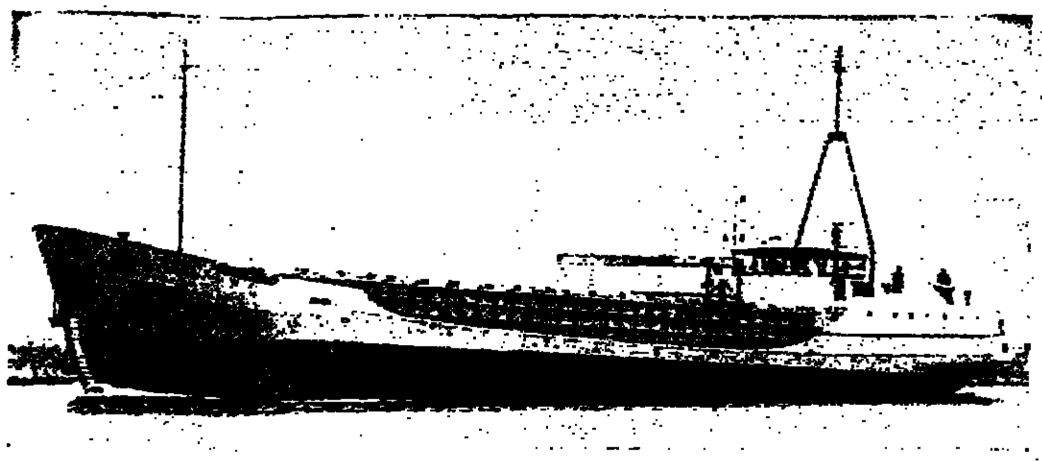
Aid for jobless

FIFTEEN more job creation schemes to aid 208 young unemployed people have been approved on Merseyside by the Manpower Services Commission. The schemes, totalling £518,000 in grants, bring the number of Merseyside schemes so far to 907, at an overall cost of £24.28m.

TRADE WITH INLAND EUROPE

Shrinking costs with shrinking ships

BY ROBIN BURTON



The Union Gem: collapsible bridge and shallow draught puts Basle within reach.

A NEW type of vessel has appeared on the Thames at Deptford capable of running cargoes from points on Britain's inland waterways right into the heart of the European canal system. Its design was specified by a youngish Swiss businessman, Mr. Max Heinimann, now London-based, who for the last seven years has run Union Transport of Deptford.

The Dutch-built vessel of 1,025 deadweight tonnes, the Union Gem, cost half a million pounds. Her design was unusual: when laden she drew a maximum of only 3.2m. and when in ballast — that is to say unladen — she could have a height above the waterline of only 5.5m. In other words she could pass under quite low bridges and other obstructions in much the same manner as a canal barge because of an ingenious system of folding down mast and bridge house without in any way interfering with navigation.

Union Gem was the first of a series of four such vessels to be built in Holland for Union Transport and when she arrived in London her owner said that she was to sail almost immediately to Basle with 1,000 tons of sugar from Tate and Lyle's Thames refinery at Silvertown. It would be the first time that a single shipment of such size had been made direct and it would set the pattern for future operations, the aim being of course to transport cargo direct from inland ports in Britain to ports even further inland in Europe where there is a much better system of waterways capable of floating bigger vessels.

Charges cut

Extra benefits to be gained by the new method include shorter transit times and less risk of cargo damage or loss; shipowner and shipper alike can only benefit from the fact that handling charges are greatly reduced. There are certain areas and cargoes which will attract greater benefits. Any cargo which would normally require a lot of handling will qualify, as will ports such as Rotterdam where labour charges are now very high.

These specialist ships will be able to sail between the Rhine, the Seine and British waterways, a typical voyage being a run from the Mersey to Paris, a return cargo from a Seine port to London, London to Duisburg on the Rhine and then back to a British east coast port.

Not only will the elimination of costly transhipment procedures prove an immense boon —to shippers if not dockers— but also the ships have been designed to be as labour effective as possible. This means that the hatch covers for instance can be operated by one man with an hydraulic gantry crane, and one only needs to be removed at a time instead of the whole hold being exposed during loading. This is a great help when taking cargoes such as sugar or cement which must not be allowed to get wet. As soon as the single hatch is replaced there is a watertight seal, but on the other hand the entire hold can be exposed when loading, for example, long steel or pipes for platform construction sites.

Another feature of the vessels is their considerable manoeuvrability in confined waters made possible by a special type of rudder which can swing the ship in her own length of 60 metres.

Union Transport has no monopoly of the new breed of vessel. Another London company, Freight Express Seacon, also recently took delivery of several purpose built vessels intended to trade between various inland British ports and European destinations well up the Rhine or Seine.

Freight Express Seacon already has several vessels drawing as little as 2.4m. which can sail as far inland as Basle but the latest ships built for them in Japan can carry up to 1,500 tons of cargo, while drawing only 3.5m. of water.

This move towards utilisation of such cleverly designed ships was not made lightly and Mr. Heinimann says that his own decisions were taken only as a result of extensive market research into all the factors involved. There are certain physical limitations to the usefulness of such vessels in British inland waterways as these have been little used since the industrial revolution, and in addition there are points beyond which it is no longer possible profitably to sail inland because of competition from other forms of transport.

In Europe, the vessels are subject to the same limitations as the very large canal barges which ply the Rhine. Estimating the profitability of a particular voyage is not easy as it may rely on how much rain there is. In the upper reaches of various inland waterways there are rocks which have less water covering them at times of low rainfall and which as a result make it difficult to sail upstream in a large vessel. This means that smaller barges would normally be employed and this in turn would affect the freight rates quoted on the Rotterdam or other barge exchanges. While able to circumvent the official minimum and maximum rates applicable to European barges by sailing direct to German ports, for example, a company must be able to anticipate water depths very accurately if its ships are not to run aground.

Good use is made of European canals and rivers. Could not better use be made of British waterways? There are some 2,000 miles of these waterways including roughly 350 miles which are thought to have some sort of commercial future.

It has been calculated that the inland waterways of Britain could carry perhaps ten times as much freight as they do now, but governments have not been willing to plough in the necessary cash. According to Mr. Heinimann the waterways could be made more viable to a limited extent. This would enable certain companies to have access to the sea and cut their transport costs. In the meantime, it seems likely that the usefulness of his new vessels will be seen more in Europe than at the British end of their voyages.

This trend may not always be regarded with favour in Holland where barges currently line dock basins, waiting for cargoes made scarcer by the present recession in world shipping.

Dock labour charges are considerably higher in Holland than in Britain, and there are rumblings about more pay demands which may well lead to a strike in the near future. Such a development would only add to the usefulness of ships which can haul cargo direct from British A to European B, hardly stopping for breath before returning, and able to cope with a North Sea Force 8 or 9 gale on the way.

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Management

EDITED BY CHRISTOPHER LORENZ

Politics of co-operation

As the annual congress of the Italian League of Co-operatives closes, **Robert Oakeshott** analyses the system's prospects there

A PALPABLY real array of modern factory and office buildings, collectively designated as an Industrial and Commercial Co-operative Centre, has been built over the last few years on the edge of an industrial estate on the outskirts of "red" Bologna. It is necessary to emphasise the reality of this complex if only because the official government statistics on Italian co-ops are regarded as substantially fictitious even by the co-ops themselves.

Twelve separate co-ops, employing nearly 4,000 people in toto, and including two major building concerns, a printing works and an enterprise specialising in refrigeration, ventilation and hydraulics, have been associated in the development of the Bologna complex. In effect it is a major showpiece of Italy's largest co-op grouping, the Communist guided Lega Nazionale delle Co-operative e Mutue (the Lega for short).

Since 1952, when a splinter group of co-ops with social democratic and republican political loyalties split away from the Lega to form themselves into the Associazione Generale delle Co-operative Italiane, the Italian co-ops have been divided into three, along political lines. When the first co-ops began to appear in the 1880s, there was only one central organisation, the Lega, which embraced enterprises of any ideology—or none. But those with strong catholic loyalties split themselves off as long ago as 1919 and formed the Confederazione Co-operative Italiana. The current division into three is, of course, a more or less exact parallel of the three confederal trade union groupings in Italy.

Divided as they are in this way, each of the three co-op groupings has its own sectoral divisions. Each includes, for example, sectors of consumer co-ops, agricultural co-ops, housing and credit co-ops as well as of what the Italians call "co-ops of production and labour" (co-operative di produzione e lavoro) and what we may think of as industrial or workers co-ops.

In quantitative terms these industrial co-ops represent no more than a small part of the Italian co-operative effort. On the other hand there are almost certainly more people employed in the Italian industrial co-ops than in similar enterprises in the whole of Western Europe together. A reasonably reliable Lega estimate puts the figure at close on 110,000 people. Moreover, their activities, which used to be largely ignored have lately begun to attract attention. The three groups together are, in fact, currently engaged in a series of talks with the Italian Government.

The authorities are known to have been considering for some time whether some of the country's heavily indebted public sector enterprises might somehow be converted into industrial co-ops—and might then enjoy more success in their new form. Though these talks with government are not expected to be conclusive—at any rate in the short term—and though the co-ops would obviously be reluctant to assume responsibility for a bunch of sick and actively unpromising businesses, what is striking is that official thinking should have moved in this direction at all. It clearly reflects an appreciation by government that the industrial co-ops are reasonably well managed and efficient.

Assessment

That such an assessment is possible results very largely from the efforts of the industrial co-ops associated with the Lega, particularly since 1971. It is not only that in quantitive terms the Lega's industrial co-ops are much more important than those of the other two groupings. With an estimated labour force of 85,000, they probably account for not much less than 75 per cent. of all employment of this kind in the country. Moreover, with the odd exception, the only really large scale enterprises—employing more than say 500 people—are Lega ones. And that has not happened by accident; since 1971, the Lega has been pursuing a policy of amalgamating, consolidating—and effectively modernising and transforming—its affiliated industrial enterprises.

> **Co-operatives in Italy are now split into three politically aligned groups. Many of them are old-established, the industrial ones now employing more people than all the others in Western Europe together.**

The significance of this Lega policy can only be fully appreciated when the traditional character of its industrial enterprises is understood. Essentially these were traditionally artisan or "cloth cap" co-ops—what the French call Les Entreprises Ouvrieres. Typically they were small or very small. And they were heavily concentrated in the building and civil engineering industries.

But whereas each of those co-ops traditionally employed no more than a handful of people average employment in the Lega's building and civil engineering enterprises had reached 185 by 1977. And its largest single industrial co-op, Co-op Muratori Cementisti (CMC) in Ravenna, currently employs more than 3,000 people.

The Lega's policy of amalgamating smaller units into larger ones has not been confined to building and civil engineering—in which sector it now claims to account for 8 per cent. of total Italian production (and, of course, for much more in the "red" regions of North/Central Italy, Emilia Romagna, Tuscany and Umbria where its enterprises are heavily concentrated). The policy has been applied with equal vigour to its non-building industrial enterprises and particularly in those other sectors — building materials and building plant — in which it is strong.

Building plant and materials apart, these non-building Lega industrial enterprises include three foundries, two in Modena and one in Florence, and a co-op with the apparently improbable output mix of doors and windows on the one hand and dental equipment on the other.

The modern, seemingly efficient and expansionist policies of the Lega's industrial co-ops are also reflected by their recent entry into the export business and by the ambitious three-year (1978-80) development plan to which they have just committed themselves. They claim that their export order book, largely for building and civil engineering work, and exclusively confined to third world countries, has risen from nothing in 1975 to $80m. in 1976 and $150m. in 1977.

Algeria is said to be their most important market. But they also claim to have important contracts in Tanzania, Somalia and Mozambique, and—ideologically the odd man out—in Iran. Their Iranian work, which involves the reconstruction of the Iranian port of Bandarabas, is a joint operation in which they are collaborating with both private and state-owned enterprises.

The ambitious three-year plan of the Lega's industrial co-ops has a target of 20,000 new jobs by the end of 1980: a manifestly formidable task. The associated investment is put at L370,000m. (about £222m.). According to Sr. Carpanelli, 30 per cent. of this total will come from the co-op's own cash flow.

Aside from the goals of job creation—and the continuing policy of amalgamating into larger units—the main objective of the plan will be to diversify the geographical spread of the Lega's industrial co-ops, particularly in the Mezzogiorno, the area south of Rome.

Sr. Carpanelli sees the difference of outlook between the Lega's industrial co-ops and those of the Confederazione and of the Associazione as having to do with basic economic objectives, as well as with narrower and more ideological political allegiance. Essentially, he argues, the industrial co-ops affiliated to the other two groupings see their role as one of operating in the interstices of the mixed private and public economy.

The Lega, on the other hand, he argues, sees its enterprises as developing into a fully fledged "third institutional sector," competing on even terms with capitalist and public enterprise alike.

It is not clear that either the Confederazione or the Associazione would accept that their industrial enterprises can look forward to playing no more than the rather dwarfish role to which Sr. Carpanelli believes they are committed. The three groupings are working jointly in a number of ways—and not only in their current talks with government.

Moreover, some may choose to doubt whether the communist-guided Lega is genuinely committed to the survival of a mostly market economy which is clearly implied by its picture of three competing Italian sectors.

Committed

The industrial co-ops of the other two groupings, of the Confederazione and of the Associazione, have remained for the most part in the small or very small category. The Confederazione, for example, claims a total of 1,703 enterprises (of which 900 are in the building sector). Given that these undertakings employ together not more than about 20,000 people, it follows that the typical unit must be very small. And in the case of the Associazione's industrial co-ops, the figures tell the same story—only more so: the claimed total is of 652 enterprises and a total labour force of a somewhat uncertain size; the Associazione's claim of 50,000 seems difficult to reconcile with the much lower estimates which have been made by other sources.

Admittedly the enterprise totals in both these cases probably include co-ops which have gone out of business, unknown to headquarters, and yet still remain on the register. And that brings us back to the statistical and reality problems involved in any objective assessment of the Italian industrial co-ops. An official government publication records a total of 5,983 of such enterprises in 1977. Yet the three groupings together show not more than 3,000 on their registers—and it is even said that a few enterprises are affiliated to more than one grouping.

New legislation is being prepared which will tighten up the conditions for registering with the Government as a co-op. But for the present the reality of at least 2,500 industrial co-ops shown on the Government's books remains far from sure.

Perhaps the more interesting question is about the reality of the Communist-guided Lega's commitment to the survival of a market system and to genuinely independent and democratic co-operative forms. The latter question may perhaps best be seen as the enterprise-level aspect of that much wider uncertainty about the objectives of the Italian Communist Party (the P.C.I.). A visit to "red Bologna," in which the town centre seems, from the quality of its shops, like a series of intersecting and colonnaded Bond Street, and where even jewellers are said to vote communist, does nothing to resolve this puzzle.

But it does seem plausible to suppose that at least in the short and medium term the Lega's industrial co-ops will grow more powerful and that their ambitious three-year plan targets will at least partially be met. This prediction could perhaps be upset if the progressively closer involvement of the P.C.I. in the Italian Government is suddenly reversed. But unless that happens it must be a fair bet that the Lega's co-ops will enjoy that access to official credits which, in addition to their own resources and money from the market, they will need if they are to meet their investment targets.

Industry's enduring educational gap

By Sue Cameron

DELEGATES AT this week's British Institute of Management Symposium on education and industry were told that people have now been trying to improve the relationship between education and industry for over 100 years—though without success. Unfortunately it is highly unlikely that the BIM symposium will take us any further along the road.

The speakers were strong on analyses of the problem and its origins. But as Sir Alex Smith, charman of the Schools Council, pointed out, eminent men and women have been analysing it, documenting it and generally chewing it over since the start of the industrial revolution.

The symposium also brought impassioned pleas from the platform for such vagaries as "better communications." But hard, practical ideas were extremely thin on the ground.

The BIM, to be fair, is planning to set up an action committee in conjunction with the CBI and it hopes to produce a list of firm proposals by the end of the year. Perhaps the committee will prove to be less of an empty talking shop than the symposium.

The best of the suggestions put out tihs week came from Keith Lockyer, professor of operations management at Bradford University. He said that if more high calibre people were to be attracted into production work the pay would have to be increased. This was one sure way in which companies could show that they valued their production engineers.

Professor Lockyer provided ample evidence of how able sixth formers were uninterested in industrial careers and he laid the blame for this "very heavily with industry." He said industry's current attitude was epitomised by a recent advertisement in which one company sought both a commercial manager and a production manager.

The commercial manager would be a "king pin" in the organisation and he would be paid £7,500 and given a car. The production manager, who would have to be a member of the Institute of Production Engineers and who would deal with industrial engineering, industrial relations, materials control and handling, distribution, quality production planning, incentive schemes and capital projects, would be paid £6,000 a year and would not be given a car.

Mr. Kenneth Corfield, deputy chairman and managing director of Standard Telephones and Cables, called for more technicians and engineers in boardrooms. He also suggested that good, practising technicians and engineers should be able to acquire degrees on the strength of their years in industry and their post-school training. This, he said, could help to motivate people who had fallen through the higher education net at the age of 16 or 18.

Sir Alec Smith recommended more day release in higher education, a better moral tone in industry—no more bribes, slush money and slick selling of shoddy goods—and more teaching about industry in schools.

Yet it could be argued that professions such as medicine, which attract thousands of bright sixth formers every year, do so without the aid of propaganda in the schools. A desperate effort to sell industry to young people could easily end by warning them off what is clearly a sinking ship.

Alastair Mant, who summed up the symposium, took up this point. He said an industrial career could be a "stinker of a job in many ways" and he stated that it would be a "con" to sell industry as being more attractive than it really is." The need, he said, was to "get industry right."

Perhaps the most disturbing comment was made by Mr. Corfield during one of the open discussions.

He said that people who wanted to reach the top had to be prepared to be available to their companies "100 per cent. of the time." And he added with a wave of his hand that "families just have to suffer"

In the meantime, is it any wonder that young people do not queue up for careers in industry?

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Closer control of domestic heating

DECEPTIVELY simple in appearance but embodying the latest in electronics is a programer to be used in conjunction with a home thermostat which will allow users to set a complex heating pattern for the whole 24 hours.

By touching the appropriate areas of a calculator-like device at the appropriate time of day the householder may, for instance, specify 65 degrees for 7 a.m. till 9, when he leaves the house, whereupon the level is reduced to—say—55. At six in the evening it would be raised to a "leisure" temperature of 65/70 degrees, dropping again to 50/55 on retiring.

Inductive switches of a new type are used with integrated circuit logic to provide the temperature settings and timing. Reprograming is simplicity itself.

The program will last through a two-hour power failure.

What the device actually does to, switch the thermostat is literally deceive it by generating a small amount of heat in proximity to the thermostat sensor, whereupon the latter turns down for as long as the program specifies. Notional cost of the device made in quantity is about £15 and cost saving for no loss of comfort would be about 10 per cent. of heating bills. Another blanket could mean 15 per cent.

The Canadian National Research Council designers who evolved the idea and have patented both the system and the touch-sensitive switches, are working on a further development which will permit complete pre-programing at any time.

Canadian Patents and Development, a Crown Corporation set up by NRC, is handling the licensing aspect.

More from Science Dimension, CNRC, Ottawa, K1A OR6, Cenada.

● WOODWORKING

Cuts timber components

DEVELOPED BY De Pauw International is a machine called a universal web saw which can cut all the components needed for the production of wooden floor and roof trusses.

The new machine is a development of the company's Quadricut which cuts timber for roof trusses and its Flortrus machine which cuts the components for floor trusses.

The universal web saw has four blades, one of 550 mm diameter and three of 410 mm diameter, powered by one 7.5 hp motor and three 5 hp motors. The angle of the blades is adjusted by push-button controlled motor-driven quadrants. Saw angle is shown on digital readouts in degrees and tenths of a degree—cutting angles range from 90 to 7 degrees.

Maximum length of cut is 450 mm, and the timber can be 150 mm section by 4.5 metres long (optional larger capacity is available). When the pieces of timber require two angled cuts at each end (all four saws simultaneously in operation) the minimum component length is 300 mm—the shortest component in normal use for floor trusses. Where only two cuts are required there is no minimum length.

Setting up time varies from 30 seconds to three minutes, and the change from cutting floor to roof trusses takes 15 minutes. Cutting speed is variable up to 30 pieces/minute.

Trusses are subsequently assembled with steel connector plates and a press.

Details from De Pauw International SA, 44, avenue Lequime, 1640 Rhode - Saint - Genese, Brussels, Belgium.

● METALWORKING

Brazes in short runs

SMALL VARIED batches of brazing and soldering can be carried out on a machine developed for short run work by Elga, a Degussa Group company.

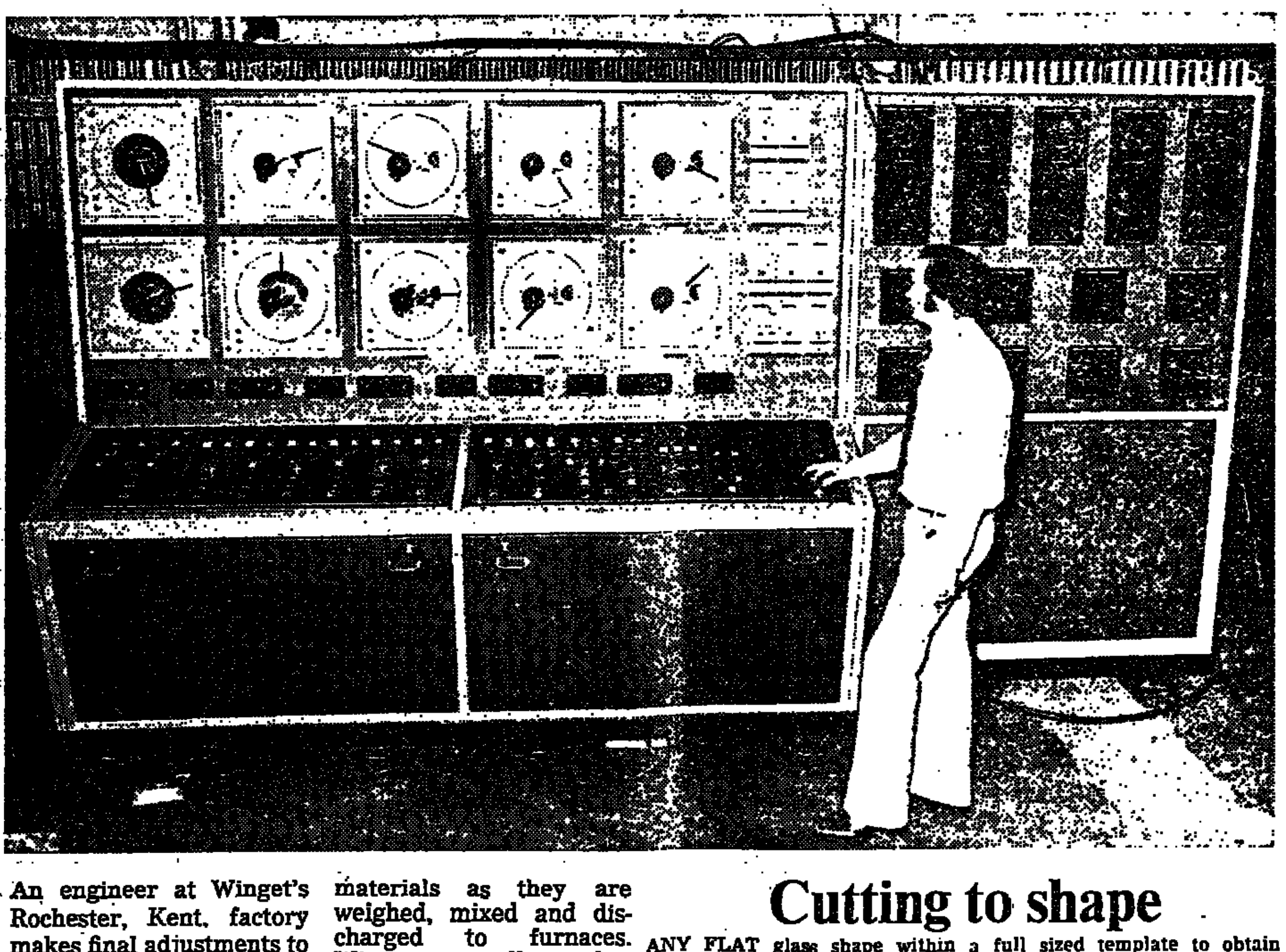
The machine has two work tables, mounted on a rotating frame, and these are moved manually. Each table carries an identical jig unit, in which the work is fixed.

While the torches, which are controlled by timer relays and magnetic valves, are operating at one station, closing down to a pilot flame when the work has been completed, finished parts are removed from the opposite table and the jig is reloaded. Parts are placed in the jig complete with pre-formed soldering alloy and flux, then the operator turns the work table frame through 180 deg.

Cost of the equipment depends on the type of gas and the torches that are fitted.

Details from Degussa, Postfach 2644, D 6000 Frankfurt am Main 1, West Germany.

● GLASSMAKING



An engineer at Winget's Rochester, Kent, factory makes final adjustments to a glass manufacturing control panel destined for Ghana. It is part of a £½m. order and enables complete automatic control of eight different materials as they are weighed, mixed and discharged to furnaces. Winget normally makes concrete batching plant, but because the requirements are similar it is able to offer its expertise to the the glass manufacturing industries.

Cutting to shape

ANY FLAT glass shape within a maximum area of 7 feet 6 inches x 3 feet 8 inches can be cut on a £50,000 numerically controlled machine now in operation at Doulton Tempered Glass, Ripley Road, Bradford BD4 7 TP (0274 390702).

Built in the U.S., the machine uses either a scale drawing or a full sized template to obtain the co-ordinates for the preparation of a punched tape cutting programme. Single large shapes or multiple smaller ones can be cut in the same cycle from one sheet.

Next month the company is taking delivery of a Swiss NC cutting machine costing £200,000.

● COMPUTING

Building society service

IN A MOVE to enhance its services and make them more accessible to those building societies which are still in the quill pen era, so to speak, Centre-file is introducing more advanced data capture equipment as an alternative to the paper tape units now installed or on offer.

Its building societies division has ordered ITT 3330 equipment which, with Intel 8080 microprocessor power, will emulate and replace the IBM 3940 terminals now in use, and is based on magnetic tape cassettes.

Microprocessors are being provided by Real Time Computer Systems and the software by the company itself.

Due to be in operation with customers in a short time, the new equipment offers the advantage that should there be any terminal malfunction, the user can go back on line immediately to the central machines at company headquarters, simply by switching over to the data preparation equipment.

This is a precious fallback, especially in the case of the smaller building society which has neither the staff nor the experience to cope with computer equipment emergencies.

The new equipment will process transactions and inquiries, but also give facilities to effect interest rate changes, produce notices quoting revised mortgage repayments and terms, carry out all interest calculations and produce periodic statements and warrants.

Centre-file now has some 78 building societies on its books ranging from units in the £2m. class up to £400m. companies. Of the 78, 14 larger societies come under the Housemaster arrangements whereby Centre-file has installed local PDP processors linked to its own three IBM 370/155s.

Assets of the companies served amount to £3bn. and Centre-file management anticipates that the updating of the services now decided on will bring in more of the smaller organisations who are facing the same problems as many High Street operators, namely staff shortages and escalating costs.

Further details from David Stranach, Service Manager, Building Society Service, Centre-file, on 01-638 6161.

Predicting next week's weather

EUROPEAN centre for medium range weather forecasts is to have a £3m. CDC Cyber 175 to be installed in the ECMWF computer complex to be built at Reading, which will provide a daily forecast service of four to ten days in advance.

In addition to the forecasting activity the centre will establish a data base for research purposes and provide advanced training for meteorologists.

The machine will be installed in February.

Control Data Corporation on 01-930 7344.

● INSTRUMENTS

Keeps watch on power consumed

COMBINED maximum demand indicator and instantaneous reading ammeter from Crompton Instruments is housed in a 96 mm square case and is designed to provide the power consumer with a simple and efficient method of monitoring the maximum average demand over a period of 15 minutes.

It can be used as a direct replacement for a standard ammeter in distribution systems or feeder networks. It permits the most economical use of fusegear and cables in low-voltage distribution systems by indicating the thermal/time characteristics of the load.

The maximum demand indicator has a directly heated bimetal thermal movement with a resettable slave pointer which indicates the maximum value reached over a given period. It incorporates a 5 amp rated element as standard but can also be supplied with a built-in saturating transformer with 5/5 amp or 5/1 amp ratios as required. The movement is designed to withstand up to 1.2 times rated current for 2 hours and 10 times rated current for one second. Models incorporating saturating transformers are protected against overloads up to 9,000% for one second.

The built-in instantaneous reading ammeter employs a fast response, high accuracy, moving iron movement which incorporates an oil damped tautband system. This provides exceptional resistance to damage from mechanical vibrational shock. The self-shielding movement is unaffected by panel thickness or material.

Crompton Parkinson (Hawker Siddeley Group), 50 Marefair, Northampton NN1 1NY. 0604 30201.

● REFRIGERATION

Cooled by sea water

FOR THE small boat owner, who already has almost everything, air conditioning and refrigeration plant which uses sea-water cooling has been developed by Simpson and Simpson.

The advantage of using sea water instead of air cooling is that less power is needed. Units are available providing air conditioning for about 650 cubic feet, and deep freeze or refrigeration with capacities from 3 to 24 cubic feet.

The maker says that even the largest units require only two hours engine running in any 24 hours—the units can be battery or direct engine driven.

More from the maker at Church Street, Micheldever, near Winchester, Hants. (0703 28230).

● SECURITY

Counters the bugs

PROFESSIONAL bug detection equipment to be used against industrial espionage incorporates the existing "Tracer" transmitter detector, as well as facilities for detecting other types of non-transmitting listening devices.

The equipment is designed for speedy operation: with a single test probe and a master selector, the operator can carry out 12 test steps. Accessories, a check list and a step-by-step instruction manual are provided, and a half-day familiarisation programme is available for purchasers.

Customers are offered a choice of units which can be Tracer alone—for those who already have some detection equipment and wish to widen their frequency range to counter recent developments in the type of transmitters now in use, particularly sub-carrier devices. Tracer is also valuable for monitoring meetings when it is suspected a transmitter has been hidden in the room.

SR7 can be set up in conjunction with an existing Tracer.

TSR7 is the complete unit.

The equipment is available on a leasing basis in the U.K. and costs work out at about £100 a month over a three-year period for the combined unit. A "sweep" service is also available on an ad hoc or regular basis for smaller companies.

Further details of the devices and services on 01-402 7533.

LOMBARD

Generating heat, not power

BY ANTHONY HARRIS

EVERY television viewer knows that Germany is having trouble in carrying out its energy policy, because the objectors riot in near-military force across our screens. Our own problems with matters like the Windscale inquiry seem rather less pressing, because we have at the moment a huge surplus of generating capacity—a comfort which is largely deceptive, because the lead times involved are so long that what is at stake is the adequacy of capacity in the late 1980s. It is all very annoying, because energy investment would be a sensible way to get the European economy moving, but it is hardly an immediate menace.

In the U.S., however, matters are very much worse, if the experts are to be believed. Brown-outs and black-outs will, according to the gloomiest of them, start in the South East *next year*, and spread inexorably across all the industrialised parts of the country by about 1985; and if this is true, it is probably too late to do anything about it. A speed up in construction plans now will produce power in the second half of the 1980s at best.

Like all scripts for imminent doomsday, this one needs to be read with a suitable amount of scepticism. What the industry's experts are trying to do is to get public opinion mobilised against the forces which are hampering them—the environmental lobby, the slowness of bureaucracy, the need to provide against technical risks — the whole catalogue which is familiar on this side of the Atlantic.

Price regulation

The Americans also face one trouble which is not so prevalent here, even in our own nationalised industry: price regulation. In their healthy distrust of all monopolies, and especially of natural monopolies, the Americans have put their public utilities under the restraint of a series of Commissions which have to approve any increase in charges: and the industry very naturally thinks that they are being too reluctant to do so.

How much does all this matter? The Morgan Guaranty Trust, whose monthly economic survey has alerted me to the problem, paints a grim picture of what it calls an energy-limited economy; and it undoubtedly makes a convincing case for thinking that present construction programmes will not enable the U.S. to go on raising its electricity consumption more than twice as fast as the growth of output in general, as has been the American habit. However, simple economics suggest that price controls are probably as much responsible for creating the American problem as for preventing its solution. Allow prices to rise adequately, and demand would quite possibly fall into line with existing growth plans for the electricity industry. What America faces is not so much Doomsday as Bureaucratic Muddle Day, and we all know what that is like.

Little fuss

However, the mere fact that we are not making the same mistakes as the Americans does not mean that we have found the right answers; and there are some good reasons for thinking that if the U.S. is running into trouble by keeping energy too cheap, we may be underestimating demand by selling it too dear. The danger was illustrated by the frightful fuss which the Central Electricity Generating Board kicked up about building Drax B power station a couple of years early. If it were not for inflation, the industry ought to be able to raise and service finance on much the same terms as the Government—and indeed, if the market put a proper value on the ability to produce a saleable commodity rather than to print money, it ought to be able to borrow cheaper. The reverse yield gap continues to measure the market's distrust for all governments.

Now if the Government could borrow at 3 per cent. in stable conditions, as it once used to do, so could the electricity authorities; and if they were allowed to sell equity, or a bond indexed to future electricity prices, they would pay still less. At such rates they would make little fuss over a question of a year or two in a construction programme. What is much more important, they would be much more ready to spend on future economies in running costs: in other words, the comparative costs of nuclear power would be much lower. What is more, they would be able to charge less now. The industry would grow faster.

It is because of this built-in bias against investment such as power generation, which has a very slow payoff, that I am inclined after all to swallow the complaints of the industry about inadequate programmes with very little seasoning. Whatever the plans may be which they are unable to carry out, they are likely to appear too low in a future in which we have learned inflation accounting.

AROUND BRITAIN: THE NATIONAL EXHIBITION CENTRE

Looking hopefully towards 1984

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE BRAVE decision of Birmingham City Council to prove to its critics that Britain's second city could finance and support a national exhibition centre is expected to be vindicated in a report to be published soon by the Department of the Environment.

A two-year study, commissioned by the Department from Aston University, is believed to conclude that the National Exhibition Centre, which opened in February, 1976, has not suffered unduly from the fact that it is located some 100 miles from London.

The NEC won 51 per cent. of the total exhibition and conference market available from British industry in 1976-77, according to the study. Nearly 1.2m. visitors to the 350-acre parkland site, to the south of Birmingham, put around £25m. into the local economy, and created nearly 3,000 extra jobs.

But the timing of the municipal venture, managed jointly by the Council and Birmingham Chamber of Commerce, could hardly have been more unfortunate. Planning consent was granted at the end of 1972, when the building cost was put at £17m. But then came rapid inflation, the energy crisis and the three-day week. When the first exhibition was staged, in February 1976, the total cost of the centre, including finance charges, had risen to £39.6m.

Not only were costs under pressure but the centre was forced to make its debut at a time of high unemployment and international recession.

Despite the setbacks, the centre managed to achieve a trading surplus of just over £108,000 in its first year of operation. But the release of the full balance sheet to the City Council towards the end of last year prompted Press speculation that action might have to be taken to lighten the debt burden. The figures showed that any profit was swamped completely by interest charges of more than £3.5m., which took the accumulated deficit to nearly £6.5m.

Management has been set the target of achieving an operating profit sufficient to wipe out the deficit by March 31, 1984.

To that end costs within the control of management have been cut and the rent charged to exhibitors pushed to the limit.

Sir Robert Booth, NEC chairman and source of much of the inspiration for the venture, took control as chief executive in June of last year. A softly-spoken and meticulous administrator, Sir Robert instituted an efficiency audit of operations and appointed consultants to advise on streamlining the management structure. A fairly radical reform was implemented and staff cut from 280 to 240.

SIR ROBERT BOOTH . . . radical reform.

On the revenue side, it is a matter of market judgment about the rent that can be charged without significantly affecting demand. For exhibitors, the rent is calculated to represent, on average, around one-eighth of total costs after taking into account factors such as erection of stalls, publicity, and entertainment.

Following two sizeable rent increases of 54 per cent. from April 1 last year and 38 per cent. from April this year—the NEC realises that charges are now on a par with European competitors. Accordingly, a pledge has been given that further rises will do no more than keep pace with inflation.

The complication here is that rents must be announced two years in advance, which makes fairly crucial the judgment taken by management about the likely movement of prices. The NEC is currently notifying exhibitors of the proposed charges for the year to March 31, 1980, and the fact there has been no outcry suggests its judgment of the market may be correct.

The occupancy rate for the centre's seven exhibition halls is not disclosed by management, but it is known that 1976-77 bookings were 20 per cent. up in the first year. However, a further upsurge in real growth is not expected before the 1979-80 season. The increase is expected to result from the natural upturn of what is a cyclical industry and from the expansion of the U.K. economy.

But the issue which more than any other is likely to determine how quickly the centre can wipe out its massive deficit remains beyond the control of management: the fluctuation of interest charges is such that a 1 per cent. change makes a £400,000 difference to the debt burden.

Of the original £39.6m cost, £1.5m. was a direct Government grant and the rest was raised as part of normal local authority borrowing. There is no separate NEC loan stock: the centre is required to pay the consolidated loans fund rate of interest. Because this rate is merely the average of a number of different levels of interest which will vary with market movements, the centre cannot accurately forecast the cost of servicing its debt.

Clearly, should the burden ever approach the point where it appeared to place the viability of the centre at risk, the city could choose to write off the whole or part of the debt, or defer the payment of interest.

However, that would merely transfer the cost of the loan from the NEC to the ratepayer. At the moment the Council can point with pride to the fact that Birmingham has provided the region with an asset of considerable importance at no cost to the rates.

The product of a penny rate is only £1.75m., which would make the cost of removing the NEC's present debt fairly punitive for a Conservative-controlled authority pledged to reducing the level of local taxation.

Any appeal for equity finance is not practical to the extent that, although long-term prospects may be good, there would be little likelihood of a return on the investment for at least the first five years.

It is always a possibility that the Council might look to Government for another grant but there is no likelihood that other parties will be allowed to take a share in the NEC. As far as the City is concerned, Birmingham took the risk in building the centre and any profits which might result must flow back to the municipality.

Any surplus would be a bonus over and above the economic benefits to the region expected to be identified in the Aston University study.

Straight Row improving fast

RACING

BY DOMINIC WIGAN

THE FAST-IMPROVING Straight Row comes over from Ireland for to-day's Thunder and Lightning Chase at Ascot and it is difficult to envisage the home contingent of Persian Camp, Jackadandy and Nagari holding him.

Straight Row, who gained many admirers last season when running his country's leading older hurdler, Master Monday, to two-and-a-half lengths in the Sweeps Hurdle at Leopardstown, achieved his first success over the bigger obstacles at Navan in November —beating Our Baloo by two-and-a-half lengths in the two-mile Kilteel Chase.

That was a particularly encouraging display by Jim Dreaper's handsome No Argument gelding, and it came as no surprise when he was made a 9-4 on favourite to take advantage of a 5 lb concession from Sand Pit in Fairyhouse's two-and-a-quarter-mile Sweet Dreams Chase at the *beginning* of this month.

There, Tommy Carberry's mount proved himself an even more formidable opponent than at Navan, with a five-length victory, assured a long way from home.

In the belief that to-day's stiff two-and-a-half-mile trip will suit him ideally, I take Straight Row to put himself firmly in the Cheltenham picture with a clear-cut victory over Persian Camp, whose sidelined stable companion, Border Incident, is definitely out for the season.

There would be no more popular winner of the three-mile Green Highlander Chase than Sonny Somers, the 16-year-old veteran of Uplands who, in his 100th race, won at Worcester last time out. However, the prospect seems somewhat remote.

Sonny Somers has not won in such strong company as this afternoon's for a long while, and it will be a surprise if he proves capable of dealing with either the underrated course and distance winner, Coolishall, or the year younger My Friendly Cousin, who also goes well here.

My Friendly Cousin, a two-and-a-half-length winner from Never Rock over this course and distance in October, is the selection.

Whatever their fate with My Friendly Cousin, Bob and Andy Turnell should collect at least one good prize, for Mr. Jim Joel's Tudor Melody five-year-old, Peter Grimes, does not have a stiff task in the opening division of the Silver Doctor Novices' Hurdle.

Peter Grimes, a length Warwick winner from Baldur last month before achieving a far easier Lingfield victory over Mount Pelée—to whom he was conceding nearly a stone—is likely to outpace Timoshenko's Warwick conqueror, Ruby Wine.

Looking ahead to to-morrow's Blue Circle Cement Chase at Ascot, a field of seven or eight is expected.

ASCOT

1.00—Peter Grimes***
1.35—Le Jet**
2.05—Rushmere
2.35—Straight Row*
3.05—My Friendly Cousin
3.40—Night Porter

Letters to the Editor

Keep the geese laying

From the Hon. F. Cornwallis.

Sir, — It seems quite extraordinary to me that a Government glorying in the discovery of the value of small firms, and apparently setting out to assist and foster them, should at the same time threaten to set forth on a policy of stealthy annihilation.

Does no one in this Government or in the TUC understand the simple economic fact that it is suicide to realise capital and then expend it as income? This is a foolproof recipe for the destruction of real wealth of this country.

Among the multitudinous voices crying out for more investment, is there not a single one that realises that no one is going to invest their money in expanding or modernising their company in order to land themselves and their families with an ever-increasing (through inflation) tax burden?

Is this the road to the capital-intensive prosperous society which we are told we are creating?

We are already in a situation where income-tax often has to be paid out of capital, added to which we have both CTT and CGT—isn't wealth already being destroyed quickly enough?

Somewhere when I was a child I seem to remember a story about geese and golden eggs. Prosperous and efficient small firms could produce many golden eggs in both employment and enterprise. Why kill off the geese?

F. N. W. Cornwallis.
(CBI Small Firms Council.)
29, St. James's Street, S.W.1.

Living with a strong pound

From the Executive Director, Logan Muckelt and Co.

Sir,—Mr. Murphy (January 11) wants Britain to continue being a cheap labour country, which is an out-dated and dangerous thesis. I have just returned from a Continental business visit and was once more impressed by the prevailing standard of living coupled with high salaries and wages.

A strong pound is most desirable for this country but this strength must be matched with higher productivity, which will bring down the manufactured cost per unit, so that we can retain our competitiveness abroad. This process will be additionally assisted by cheaper imports as a result of a stronger currency.

Higher productivity is what we have invariably failed to achieve. Reduced wages will further damage the incentives to work and weaken internal purchasing power. This in turn will depress demand and push back any hope of investment in modern machinery. In such a climate the rare bird of higher productivity cannot materialise.

C. G. Steriopulos.
Orient House,
Granby Row, Manchester.

Investment in transport

From Mr. R. Bonwit

Sir,—A highly relevant conclusion in your editorial on the Leitch Report (January 11) was the observation that the apportionment between investment in road and rail transport must be "essentially a matter for political judgment in which economic calculations can play only a part." Hitherto it had been accepted wisdom that rail projects had to be "justified" by discounted cash flow calculations yielding a stated rate of return on capital, irrespective of their potential impact on traffic conditions on other modes, environmental welfare, the location of offices and industries and general land use.

On the ground of "economic" shortcomings, we have ruled out or indefinitely postponed such vital projects as the Channel tunnel and its Berne-gauge link to London, the Manchester and London inter-terminal rail tunnels, the implementation of main line electrifications first recommended in the 1931 Weir Report and the provision of a modern, airbraked wagon fleet within the foreseeable future. Some of these negative decisions were taken at a time when the prospects of long-term under or unemployment in our steel, construction, electrical and engineering industries were clearly discernible.

Meanwhile, rail freight on the Continent and in Scandinavia is settling down at more than one third of overall ton mileage, a minimum of 70 per cent. of all rail traffic is electrically hauled, and inter-terminal rail links have become standard in towns and conurbations with a minimum potential commuter population of 0.2-0.3m. people. Fares and freight rates in these countries have been kept below the level of inflationary price increases. A recent German university study estimated the share of all transport investment in GNP at about 10 per cent. This state of affairs has by no means led to the ruin of local car and lorry industries, while fostering a growing share of the world market for modern railway equipment.

Perhaps we may now hope for more sound "political judgment" and less economic "certainties" in the planning and belated restructuring of our public transport facilities?

Ralf Bonwit.
Sorby, Kiln Lane,
Binfield Heath,
Henley-on-Thames.

Peripheral activity

From Mr. M. Edwards.

Sir,—I am sure that everybody will be please to see so much energy and money expended on our behalf to study the needs for improved roadways. But when, oh when, will I be able to drive or send goods by motorway from the north to our main airport or southern ports? Am I being too naive in thinking that many of London's overcrowded roads would be relieved by an outer ring a la Paris? Perhaps I need a computer model!

M. A. Edwards.
White House,
Chester Road,
Mere, Cheshire.

Through a glass darkly

From Mr. F. Roycroft.

Sir,—Mr. Penwill (January 10) should realise that Mr. Parker's "year of the clean window" ended ten days ago. Regular commuters to the City could tell Mr. Parker how much notice his staff took of his exhortations, on the perhaps optimistic assumption that they understood him.

In these days of well-paid disguised unemployment in the public sector (see the recent statistics from the D of Employment), the rest of us should realise it is our duty to suffer and pay in silence lest public servants are forced into productive enterprise. The unpunished anti-social tendencies of signalmen over the Christmas period suggest that public servants are anything but.

BR's captive customers on London commuter routes seethe with barely controlled anger at being ripped off as if we were wealthy customers of a sleazy strip joint intent on giving the minimum of service to undiscerning drunks. The opacity of the windows is the outward and visible sign of BR's state of mind. Sooner or later the customer must surely win. When he does, let us have no whining from those who now glory in their self-satisfied power over a most long-suffering body of over-charged and over-taxed commuters.

F. B. Roycroft.
8, Hove Park Villas,
Hove, Sussex.

Trans-Pennine trains

From Mr. P. Mortimer.

Sir, — With reference to the letter from Mr. P. Parker on petrol prices (January 10) and his expression of concern over future energy policy in relation to transport, I find this concern at odds with present British Rail studies on the future of the electrified rail line between Sheffield and Manchester.

Options, including total abandonment, de-electrification and the enhanced use of diesel traction are reported to be under consideration. In view of the present and potential role of this line in terms of bulk freight movements (and possible re-activated passenger-carrying services) the de-electrification of this route would be an ironic commentary on ambitious new plans for new main line electrification elsewhere in the U.K.

Electrified railways are effectively insulated from over dependence on a single fuel for their operation, indeed they are probably the only developed transport mode with such flexibility. The trans-Pennine route does require investment to modernise traction stock and infrastructure, but it should be remembered that the lifespan of electric units is effectively double that of diesel equivalents. The level of equipment replacement and refurbishment costs roughly equate with the capital cost of one High Speed Train. I would suggest that in terms of cost and energy effectiveness the refurbishment of the trans-Pennine route would be a better option.

Philip N. Mortimer.
12, Seymour Road,
Shirley, Southampton.

Guidelines on accountancy

From Mr. R. Bullard.

Sir,—Referring to the letter by Bernard Cox (January 10) I would agree with his concluding statement that the purpose of inflation accounting is to show how inflation distorts company results.

Accountants have the responsibility to produce accounts, the purpose of which is to measure performance, present worth and preserve substance. The impact of inflation will affect all three functions and when the adjustments are applied they will distort company results.

(a) Measure performance—this is generally accepted in the cost of sales adjustment and depreciation adjustment, and has been well reported in the financial Press.

(b) Present worth — All balance sheet items should be revalued at worth to the company, and as such, should include stock revaluation, fixed assets revaluation and back-log depreciation. Such adjustments must be clearly reflected in the P & L accounts.

(c) Preserve substance—a company only makes a profit if it has increased its real worth. Therefore, monetary items adjustments are necessary representing the amount of money needed to finance the growth in monetary assets as that obtained from monetary liabilities. Such adjustments are clearly not dependant upon gearing.

Within the monetary items adjustment I propose that special emphasis is given to their treatment. Monetary assets and monetary liabilities must be treated separately. It is possible to have net monetary assets and yet produce an inflation profit. This situation arises because the inflation effect in the liabilities is generally experienced earlier than that in the debtors. To calculate such adjustment it is not beyond an accountant's ingenuity to create indices using the 80/20 rule.

Stock has a monetary item characteristic by requiring finance to support the monetary growth which is insufficiently covered by the cost of sales adjustment, especially after incorporating the revaluation profit.

The aims must be to establish rules to calculate the amounts appropriate to the above headings, and these, need neither be difficult nor arduous, and then propose a meaningful presentation of such figures thereby reporting the impact inflation on how it distorts company results.

R. J. Bullard.
Laburnum,
Abbotts Ann,
Nr. Andover, Hants.

TV/Radio

BBC 1

† Indicates programme in black and white

9.30 a.m. Schools: Athlete. 10.00 Look and Read. 10.23 Hwnt ac Yma. 10.45 You and Me. 11.05-12.25 p.m. Schools: Out of the Past. 11.30 Law and Accountancy. 12.00 p.m. Economics of the Real World. 12.45 News, Weather. 1.00 Pebble Mill. 1.45 Mr. Benn. 2.05 Schools: In Spite of Deafness. 2.35 General Studies. 3.00 Vatican Treasures. 3.30 Sky at Night. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 It's the Wolf. 4.25 Jackanory. 4.40 Clangers. 4.55 Crackerjack. 5.35 Fred Basset.

5.40 News, Weather.
5.55 Nationwide, Weather.
6.20 Nationwide.
7.00 The Pink Panther Show.
†7.20 Sherlock Holmes: "House of Fear," starring Basil Rathbone.
8.30 Porridge.
9.00 News, Weather.
9.25 Gangsters.
10.20 To-night.
10.50 Regional News.
10.51 Film: "Rough Night in Jericho," starring Dean Martin.
12.30-12.31 a.m. Weather.

All Regions as BBC-1 except:

BBC Wales—1.45-2.00 p.m. Sioncyn Sboncyn. 3.00-3.30 Transmitters Closedown. 5.55-6.20 Wales To-day. 7.20-7.45 Heddiw. 7.45-7.55 Tom and Jerry. 7.55-8.30 Sykes. 10.20-10.50 Kane on Friday. 10.50-10.51 News for Wales. †10.51-11.57 Sherlock Holmes: "House of Fear." 11.57 p.m. Weather.

Scotland — 10.23-11.25 a.m. Schools. 3.00-3.30 p.m. Transmitters Closedown. 5.55-6.20 Reporting Scotland. 8.30-9.00 current Account. 10.20-10.50 Spectrum. 10.50-10.51 News for Scotland. 12.30 a.m. Weather.

Northern Ireland—10.23-10.45 a.m. Schools. 3.00-3.30 p.m. Transmitters Closedown. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.20-10.50 Gallery. 10.50-10.51 News for Northern Ireland. 12.30 a.m. Weather.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth). 10.20-10.50 p.m. East (Norwich) Newscue; Midlands (Birmingham) Garden Game; North (Leeds) York; North East (Newcastle) Sportsdesk; North West (Manchester) Sit Thi Deawn; South (Southampton) One for the Road; South West (Plymouth) Peninsula; West (Bristol) Public Life.

BBC 2

11.00-11.25 a.m. Play School.
7.00 p.m. News, Weather.
7.05 Discovering Patchwork.
7.30 Newsday.
8.10 Kilvert's Diary.
8.25 Money Programme. Can Britain Manage?
9.00 Pot Black 78.
9.30 Horizon. Red Planet.
10.25 Benoni and Rosa, part 5.
11.15 News, Weather.
11.25-11.30 John Westbrook reads "Sunday Afternoons," by Anthony Thwaite.

LONDON

9.30 a.m. Figure It Out. 9.50 Work. 10.10 Look Around. 10.30 The Land. 11.00 My World. 11.13 Over To You. 11.31 Stop, Look, Listen. 11.43 Reading with Lenny. 12.00 Handful of Songs. 12.10 p.m. Pipkins. 12.30 Cuckoo in the Nest. 1.00 News, FT Index. 1.20 Help! 1.30 Money-Go-Round. 1.55 Beryl's Lot. 2.25 Matinee: "Blithe Spirit," starring Rex Harrison. 4.15 Place To Hide. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames At Six.
6.35 Crossroads.
7.00 Mind Your Language.
7.30 Maggie and Her.
8.00 General Hospital.
9.00 The Professionals.
10.00 News.
10.30 Police 5.
10.40 Baretta.
11.40 George Hamilton.
12.10 a.m. Buddhist poems by Christmas Humphreys.

All IBA regions as London, except:

ANGLIA

2.25 p.m. Matinee: "The Family Nobody Wanted." 3.50 Out of Town. 5.15 Happy Days. 6.00 About Anglia. 10.30 Probe Special. 11.00 Film: "Man On Fire," starring Bing Crosby. 12.45 a.m. Men Who Matter.

ATV

1.20 p.m. ATV Newsdesk. 1.55 Indoor League. 2.25 The Sullivans. 3.25 Beryl's Lot. 3.50 Stars On Ice. 5.15 Wish You Were Here? 6.00 ATV Today. 10.30 Film: "Up the Junction," starring Suzy Kendall.

BORDER

1.20 p.m. Border News. 1.55 Betty Boop. 2.00 Matinee: "Brothers in Law," starring Richard Attenborough. 5.15 Happy Days. 6.00 Lookaround Friday. 10.30 Andy Williams Show. 11.00 Film: "Willard."

CHANNEL

1.18 p.m. Channel News. What's On Where. 1.55 Betty Boop. 2.00 Upstairs, Downstairs. 3.00 New Avengers. 4.00 Cartoons. 5.15 Emmerdale Farm. 6.00 Report At Six. 10.28 Channel News, Weather. 10.35 Late with Danton. 10.50 Movie: McCloud. 12.30 a.m. News and Weather in French.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News. 1.55 Indoor League. †2.25 Film Matinee: "Chiltern Hundreds." 5.15 Emmerdale Farm. 6.00 Grampian Today. †7.30 Welcome to the Ceilidh. 10.30 Reflections. †10.35 Film: "Prisoner of Zenda," starring Ronald Colman.

GRANADA

1.20 p.m. This Is Your Right. 1.55 Matinee: Michael Caine in "The Wrong Box." 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Kick Off. 10.30 Reports Extra. 11.00 Great [illegible] of the Century, Vivien Leigh in "Ship of Fools."

HTV

1.20 p.m. Report West. 1.25 Report Wales. 1.30 Indoor League. 2.00 Women Only. 2.25 Three Hats for Lisa. 5.15 Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Report West. †11.05 "Silver Fleet," starring Googie Withers. 12.40 a.m. Weather.

HTV Cymru/Wales: As HTV General except: 1.20-1.25 p.m. Penawdau Newyddion. 4.15-4.45 Camau Cantamil. 6.00-6.15 Y Dydd. 7.30-8.00 Showcase. 10.35 News, Report Wales. 10.35-11.05 Outlook.

HTV West: As HTV General except: 9.50-10.05 a.m. Work. 1.20-1.30 p.m. Report West. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News, Road, Weather. 1.55 Matinee: "The Wrong Box." 5.15 Professor Kitzel. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Phyllis. 10.30 Ways and Means. 11.00 Futures. 11.15 Late Call—Very Rev. Brendan Murphy. 11.20 Baretta.

SOUTHERN

1.20 p.m. Southern News, Weather. 1.30 Indoor League. 2.00 Women Only. 2.25 Banacek. 3.50 Beryl's Lot. 5.10 Weekend. 5.20 Crossroads. 6.00 Day By Day. 6.00 Scene South East. 6.30 Out of Town. 10.30 Southern Report. 11.00 Southern News Extra. 11.10 Mongo's Back in Town. 12.35 a.m. Weather.

TYNE TEES

9.20 a.m. The Good Word, North East News. 1.20 p.m. North East News, Lookaround. 2.00 Wish You Were Here. †2.30 Matinee: "Smokescreen." 5.15 Mr. and Mrs. 6.00 Northern Life. 10.30 Sportstime. 11.05 Film: "Dr. Phibes Rises Again." 12.40 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 1.30 Money Go Round. 2.00 Matinee: Deborah Kerr in "King Solomon's Mines." 4.13 Ulster News. 5.15 Brady Bunch. 6.00 Ulster News. 6.05 Crossroads. 6.30 Reports. 6.50 Police Six. 7.00 Drop In Your Hand. 10.30 Two at 10.30. 10.35 Sportscast. 11.05 Film: "Bounty Man" (Western).

WESTWARD

12.26 p.m. Gus Honeybun. 1.20 Westward News. 2.00 Upstairs Downstairs. 3.00 Avengers. 4.00 Cartoons. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward News. 10.35 Late with Danton. 10.50 Movie: McCloud. 12.30 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 1.55 Betty Boop. 2.00 Matinee: "It's Good to be Alive." 5.15 Calendar Sport. 6.00 Calendar. 10.30 "Ship of Fools" (film).

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Peter Powell. 12.30 p.m. Newsbeat. 2.00 Kid Jensen. 4.31 Dave Lee Travis. 5.30 Newsbeat. 7.00 Joe Loss (joins Radio 2). 10.02 John Peel (S). 12.00-12.05 a.m. As Radio 2.

VHF Radios 1 and 2—6.00 a.m. With Radio 2. 1.55 Good Listening. 10.02 p.m. With Radio 1. 12.00-12.05 a.m. With Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News, Weather. 6.02 Ray Moore (S). 6.15 Pause for Thought. 7.32 Terry Wogan (S). 8.27 Racing Bulletin. 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray (S). 1.45 Sports Desk. 2.30 David Hamilton (S). 2.45, 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 5.45 Sports Desk. 7.02 Joe Loss (S). 8.02 John Gregory conducts (S). 8.45 Music Night (S). 9.55 Sports Desk. 10.02 Treble Chance. Round 1—Scotland. 10.30 Let's Go Latin: Dance music. 11.02 Brian Matthew. 12.00-12.05 a.m. News, Weather, Motoring.

RADIO 3 464m, Stereo & VHF

(‡ Medium wave)

6.55 a.m. Weather. 7.00 News. 7.05 Beethoven, Reicha, Haydn (S). 8.00 News. 8.05 Weber, Bartok, Rachmaninov (S). 9.00 News. 9.05 This Week's Composers: The Bologna School (S). 9.50 Orchestra (S): Telemann, Dvorak. 10.35 Modern Guitar Music (S): Marco, Behrend, Fink, Bussotti. 11.20 String Quartets (S): Bardwell, Bartok. 12.15 p.m. Mid-day Prom: Mozart, Britten. 1.00 News. 1.05 Playbill (S). 1.20 Mid-day Prom: Dvorak, Poulenc. 2.05 Part-Song Repertory (S): Arne, Dowland, Finzi, Seiber. 2.40 Violin Sonatas (S): Shostakovich, Prokofiev. 3.25 Interval Reading. 3.30 Violin Sonatas, Bartok. 4.10 In Short: Talk. 4.20 Finzi's Hardy (S). 4.45 Young Idea (S): Requests. 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound. ‡6.30 Lifelines: Leisure and Recreation. 7.30 Music from Pebble Mill (S): Bartok, Debussy, Prokofiev. 8.15 The Unimportance of Being Right. 8.35 Music from Pebble Mill (S): Liszt. 9.15 Gentle Majesty: Poems. 9.50 Kurt Weill (S): Concert. 10.30 Interval talk. 10.35 Kurt Weill. 11.25 News. 11.30-11.35 Schubert Song.

Radio 3 VHF only: 6.30-7.30 p.m. Open University. 6.30 A Month to Go. 7.30 The First Year of Life.

RADIO 4

434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming Today. 6.35 Up to the Hour. 6.52 VHF Regional News, Weather. 7.00 News. 7.10 Today. 7.35 Up to the Hour. 7.52 VHF Regional News, Weather. 8.00 News. 8.10 Today. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Voice of the People: 021-432 5432 (calls from 8.00 a.m.). ‡10.00 News. ‡10.05 Checkpoint. 10.30 Daily Service. ‡10.45 Story. ‡11.00 News. ‡11.05 Lifelines in Medicine: Breast cancer. 12.00 News. 12.02 p.m. You and Yours. 12.27 My Music (S). ‡12.55 Weather, programme news. VHF (except London and SE) Regional News, Weather. 1.00 World at One. 1.30 The Archers. 1.45 Woman's Hour (‡ only from 2.00) ‡2.45 Listen with Mother. 3.00 News. 3.05 Theatre "Delivery" (S). 4.00 News. 4.05 Thomas and Emma Hardy (S). 4.35 Story: "Mapp and Lucia." 5.00 PM Reports. 5.40 Serendipity: Highgate Cemetery. ‡5.55 Weather, programme news. VHF Regional News, Weather. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Instant Sunshine (S). 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 World Tonight. 10.30 Week Ending . . . 10.55 My Delight. 11.00 "Spy Who Came in from the Cold" (serial). 11.15 Financial World. 11.30 Today in Parliament. 11.40 News, Weather. 12.03-12.06 a.m. Inshore Forecast.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Lobby. 9.20 London Live. 11.03 In Town. 12.03 p.m. Call In. 2.00 London News. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports. 6.35 Good Fishing. 7.00 Look, Stop, Listen.. 7.30 In Town. 8.30 Black Londoners. 10.00 Track Record. 12.00-Close As Radio 2.

London Broadcasting

261m and 97.3 VHF

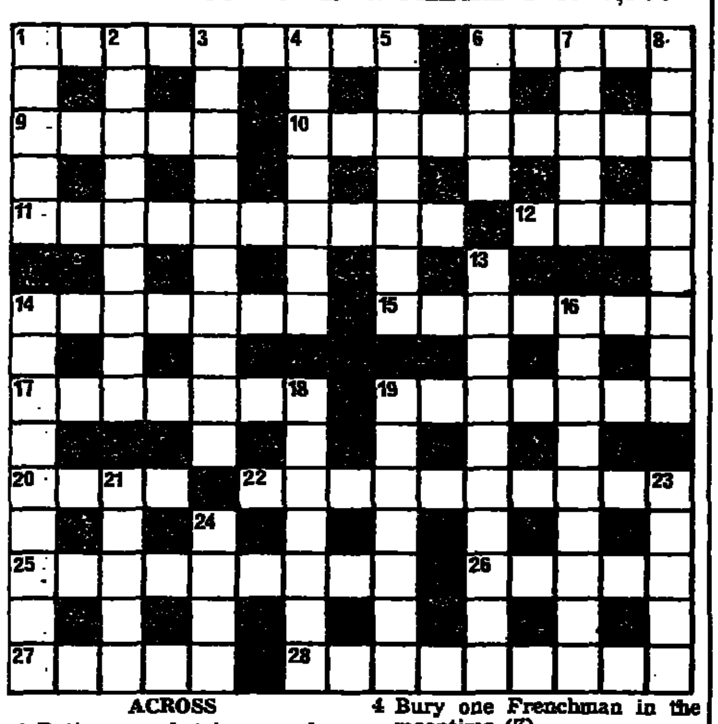
5.00 a.m. Morning Music. 6.00 "A.M." with Bob Holness. 10.00 Brian Hayes phone-in (353 8111). 1.00 p.m. LBC Reports. 3.00 George Gale phone-in. 4.00 LBC Reports. 8.00 After 8 with Ian Gilchrist. 9.00-1.00 a.m. Nightline.

Capital Radio

194m and 95.8 VHF

3.00 a.m. Alternatives (S). 4.00 Night Flight II (S). 4.10 Crafty Cook recipes (S). 4.30 Capital Commentary (S). 4.50 Night Flight III (S). 6.00 Graham Dene (S). 9.00 Michael Aspel (S). 12.00 Cash on Delivery (S). 1.03 p.m. Quiz. 1.30 Loveline (calls from 2.00 on 01-388 1255). 3.00 Roger Scott's Three O'Clock Thrill (S). 5.00 Hitline (01-388 7871). 6.00 Cruising. 7.00 London Today. 9.00 Your Mother Wouldn't Like It (S). 11.00 Tony Myatt (S). 2.00 a.m. London Link International (S).

F.T. CROSSWORD PUZZLE No. 3,566



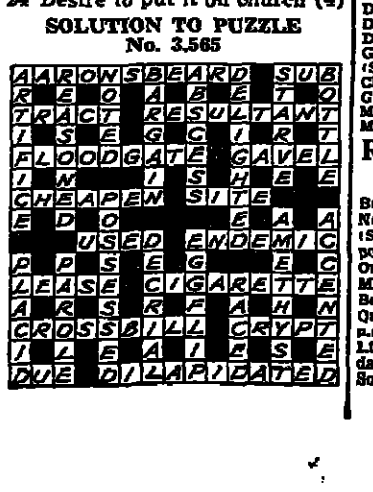
ACROSS

1 Retirement I take on when trade is bad (9)
6 Polish family accepting Oriental (5)
9 Go away for holiday (5)
10 Hiding article about eruption (9)
11 Gossip caught milliner going to fight (10)
12 Opening event has no opening (4)
14 Sketch to help back former monarch before morning (7)
15 Joint cover for madly keen team player (4, 3)
17 Type of deal from cards taking a long time (7)
19 Doctor going to work allowed a small amount of liquid (7)
20 Language at the heart of verses (4)
22 Deceitful German woman led nut astray (10)
25 Last course before entree could be a confection (9)
26 Fireplace to be seen in certain glebes (5)
27 Cockney wife could be a continental (5)
28 Being posted round Herts town is rigorous (9)

DOWN

1 Soldiers left in charge of souvenir (5)
2 Coach horse with outside chance? Not quite! (9)
3 Cloying staple food of animal origin (10)
4 Bury one Frenchman in the meantime (7)
5 East Anglian jacket (7)
6 Throw players in shed (4)
7 Banish to former French island (5)
8 What shift-workers do with drug for entertainment after dark (5, 4)
13 Turn for an uprising (10)
14 Dejected crowd in middle of act (9)
16 Friend and senior officer joining alliance (9)
18 Nobleman on eastern ship is deaf (7)
19 Clumsily obtrude, like Thomas? (7)
21 Delightful but small in a way (5)
23 Deal with free entertainment (5)
24 Desire to put it on church (4)

SOLUTION TO PUZZLE No. 3,565



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هكذا من الأصل

Cinema

Lang's belated retribution

by GEOFF BROWN

Fritz Lang season National Film Theatre
Rabid (X) General release
Pardon, Mon Affaire (X) Curzon
Servant and Mistress (X) Minema
East of Elephant Rock (AA) Classic, Oxford Street

The National Film Theatre is firing nothing but its big guns at present. Not content with offering all the available films of the Japanese master Kenji Mizoguchi, it has finally let loose something which seems to have been in the pipeline far longer than North Sea Oil—a retrospective devoted to the late Fritz Lang, German master of the 1920's, Hollywood master of the 30's, 40's and 50's (though his success in America has been in some dispute). The German films, heavy with myth, architecture and the foolish fantasies of Lang's scriptwriting wife Thea von Harbou, have been and gone (the season is presented chronologically). To-morrow we reach 1933, when Lang left Nazi-dominated Germany for France, where he made a curious version of Ferenc Molnar's fantasy play *Liliom* (the basis for *Carousel*); youngish Charles Boyer plays a suicide whose afterlife in Heaven, Purgatory and Earth (he is allowed briefly to return) is reviewed in tragi-comic terms. But from thereon, right through to the end of February (when Lang's last international co-productions emerge), the director is at work in Hollywood, where so many emigre artists bit the dust. Lang, however, had surprising success in channelling his temperament and stylistic habits to his new environment and found much congenial material in the set patterns of Hollywood genres—westerns, melodramas, thrillers. He found fresh opportunities to explore the intricate, ironic patterns of guilt and retribution which so fascinated him, fresh opportunities to display his magisterial command of artificial light and decor (Lang's are among the few studio-bound films which seem all the better for their confinement).

Even the oddities command respectful attention. Take *You and Me* (January 17)—a most fascinating and peculiar affair, which looks much as a Brecht-Weill theatrical collaboration would look if it had been adapted for the screen by Frank Capra (Weill in fact contributed some music to the film; the Capra aspect probably stems from the storyline contributed by Norman Krasna, another of Hollywood's soft-hearted comics). It tells the story of a department store completely staffed by ex-convicts (the manager's a confirmed philanthropist); some of the employees, George Raft in particular, can't forget their old calling and a half-didactic, half-sentimental tug of war begins. Brecht did in fact work with Lang on a later Hollywood film—*Hangmen Also Die!* (January 22), a harsh but rousing political melodrama set in Czechoslovakia where the underground is in turmoil following the assassination of Reichsprotektor "Hangman" Heydrich.

But some of Lang's most fascinating work is to be found in films with no overt political content, where the characters' guilts stem from the basic themes of Hollywood melodrama: the repressed desires of mild-mannered men, their entanglements with Gorgon-esque women, with Fate leading the characters a complex Dance of Death. Take *Scarlet Street* (February 3) — a film, we are told, whose life has been made difficult by a mountain of copyright rules, but which has been temporarily resurrected for the NFT season in a rather murky 16mm. print. But *Scarlet Street* is a *film noir* anyway, and a few more dark shadows on the rainy streets do not make that much of a difference. Certainly nothing can hide the uncharacteristic economy and wit of Dudley Nichols' script (based on the same source as Renoir's *La Chienn* of 1931), or the alluring nature of magnificent slut portrayed by Joan Bennett, for whom stuffy henpecked amateur painter Edward G. Robinson throws away much money and, ultimately, the peace of his soul. Least of all can anything hide the assured controlling hand of Lang. His is a career — and this is a season — worth anyone's attention.

*

Among the new films, one stands head and shoulders above the rest for sheer energy and impudence—David Cronenberg's outrageous horror opus *Rabid*. "I just don't want to become the Colonel Sanders of plastic surgery!" the splendidly named Dr. Dan Keloid remarks early on, following a proposal that his clinic move into the health and leisure market. And there's certainly no chance that Cronenberg could become the Colonel Sanders of the horror film, so deadly is his aim at the audience's viscera—as anyone will recall who shivered at *Shivers* or witnessed the bizarre investigations and happenings in his two previous independent films *Stereo* and *Crimes of the Future*. As before, the horror in *Rabid* is centred on the innermost parts and innermost thoughts of the human body. The luckless heroine (Marilyn Chambers) contracts a bizarre brand of rabies following an experimental operation by Dr. Dan (she had been badly damaged in a road accident). Blood lust becomes horribly allied with sex lust, and something very strange lurks in her armpits; she delights in biting people, who inevitably bite others. The heroine and the disease end up in Toronto, where martial law is instigated and men with guns and dustcarts clear the streets of its rabid hordes.

But Cronenberg, unlike some other workers in the field of horror exploitation, isn't merely content with attacking the stomach. He also aims, with great success, at our funnybone. The comedy comes more from the cumulative effect of the crazy narrative than from any incidental details of playing and scripting (though these exist: note the clinic patient bearing on his chest the legend 'Jogging kills'). And the combination of ludicrous comedy and insiduous horror proves uncommonly potent; the film is best followed by a stiff drink.

*

Besides *Rabid* everything else looks anaemic, though Yves Robert's *Pardon, Mon Affaire* has its moments, as most Robert comedies do. But one always has the uneasy feeling that the director will do anything, in any way, to secure a laugh—whether it involves coarse slapstick, sentimental whimsy or sharp satire, and no matter what the expense to the control and purpose of his narrative or the talents of his performers (which are usually considerable). *Pardon, Mon Affaire* tells of four frustrated middle-aged Romeos gallivanting about Paris; one (Guy Bedos) is hamstrung by his lunatic domineering mother, another (Jean Rochefort) by his own innate respectability, another (Victor Lanoux) by his sentimental regard for the wife who's deservedly deserted him. In the best parts of this bumper curate's egg Robert shows a keen eye for the absurd, and Jean Rochefort throughout is his usual excellent self, stalking the corridors of his Government department in a dashing wine-coloured suit (all other males are in black or grey) or climaxing his infatuation with a suave young thing (Anny Duperey) by standing on the ledge outside her apartment (overlooking the Arc de Triomph), his legs elegantly crossed, casually smoking. Maybe the film's no masterpiece, but when British film comedy only consists of crude sex farces, or television spin-offs, we can ill afford to be too dismissive.

*

One of the rakish foursome, Victor Lanoux, also appears in another French import, though of a much different kind. *Servant and Mistress*, directed by Bruno Gantillion from a script by Dominique Fabre, offers artistic ponderousness in place of Robert's commercially oriented frenzy. One gathers this immediately from the slow opening tracking shot through a lace-curtained window and the sluggish mood continues until the closing tracking shot carrying us back through the same window into the open air. The plot is simple: a rich old man dies and his maid (Andrea Ferreol) is his sole beneficiary, much to the chagrin of the deceased's gadfly nephew, who returns home after the funeral to a demeaning life of running the bath, cooking and serving dinner, cleaning the floors. He perseveres, in the hope of saving the mistress from her crazy self-lacerations. Whether audiences will persevere is another matter: despite some splendid playing, it's that vague kind of film where you suddenly realise that you've stopped paying attention to the screen and have begun to plan your week-end shopping.

*

Finally, *East of Elephant Rock*. Unfortunately, elephants play no part at all in the main drama of this British offering, shot in Ceylon several years ago by Don Boyd, though the whole film is something of a white one. Not that the main actors involved—John Hurt, Judi Bowker, Jeremy Kemp—fall down on their job, but the material they've been given by their writer/director proves such a handicap that their skills go for nothing. We're told that the story is set a Far Eastern colony in 1948, though it seems like Hollywood, 1948, to me. Certainly all the events and all the attempted style suggest it—the music (Peter Skellern) which pinpoints the moods with Max Steiner subtlety, the plot in which two teaspoonfuls of *Red Dust* are mixed with shredded portions of *The Letter*. What the recreation simply lacks is conviction and imagination: surely there's a large enough stockpile of bad old Hollywood movies without anyone making bad old new ones?

Comparing notes: a scene from "Pardon, Mon Affaire"

Leonard Burt

Elizabeth Estensen, Eleanor Bron and Caroline Langrishe

Riverside Studios

The Cherry Orchard

by B. A. YOUNG

The main auditorium of the new Riverside Studios in Hammersmith is unlike any other theatre, though in general plan it resembles the Mermaid. A broad single tier of seats holding about 400 leads down to a stage that is a broad wood-parqueted area bounded downstage by Row A and upstage by a flat wall parqueted in the same design. There is no accommodation in the wings or backstage and no provision for flying scenery. The sight-lines and the acoustics are immaculate.

Such an arena makes a logical space for Peter Gill to work in, for his recent production of *Twelfth Night* indicated that his thoughts were moving in such a direction. Before the action begins, and while the audience makes its laggardly way through the somewhat cramped entrances, a bunch of Russian peasants sit or lie at either side of the stage. When the house-lights go down, they turn casually to the task of taking a table, some chairs and an inlaid wooden bookcase to the centre of the stage.

This all the scenery there is, yet within five minutes, as Dunyasha and Lopakhin sit waiting, at 2 o'clock in the morning, for Ranevskaya and her party to come in, we know that it is all we need.

Firs leads them in, an octogenarian Jeeves to whom George Howe gives a look of Clemenceau in the statue in the Champs Elysees. Then those immortal non sequiturs begin, with Judy Parfitt's Ranevskaya at the focus, disdainfully uncomprehending of anything but her own pleasure, yet radiating kindness to all. Miss Parfitt looks young to be Varya's mother: but Julie Covington's Varya, her hair scraped up to a bun on the top of her head, her face and her voice drained of emotion, cares nothing for youth. Anya, her sister, though, is little more than a schoolgirl in Caroline Langrishe's performance: clearly Varya isn't as old as she chooses to look.

There is an interesting contrast between Michael Elphick's Lopakhin, a man schooled in the ways of discipline, and Stephen Rea's Trofimov, who might be a student of our own times. Mr. Rea is very positive and takes charge when he has anything to say, but Mr. Elphick, though he plays a man of wealth and power, can only command servants.

There are pleasant performances by Wensley Pithey as Pischik, fat and Pickwickian, Philip Locke as the talkative Gaev, David Pugh as Epihodov in his squeaky boots. The dramatic patterns are formed entirely by the players: even the ball in Act 3 has no scenery but a row of seven chairs along the wall, though an enjoyable dance passes over the stage to begin it. Eleanor Bron as Charlotta, changing into male drag to do her tricks, contrives to be very funny and yet quiet and restrained.

Only at the end did I feel the emotions inadequately stated. Miss Parfitt, who has given a masterly exhibition of indifference through the evening, makes Ranevskaya's farewell to the house sound routine as if she were anxious to get it over, and if she had been, she would not have done it. Anya follows her with an equally empty farewell. Varya's last scene with Lopakhin, composed only of idle talk, is more moving; and Firs' last scene with himself more moving still.

Altogether this is a very good production indeed, a worthy start to a worthy project.

George Orwell Memorial Prize

For the third year of the George Orwell Memorial Prize, Penguin is offering an award of £750. The award will be given for an article or essay, or series of articles commenting on current cultural, social or political issues anywhere in the world.

The work must have been published in the U.K., either in a newspaper, periodical or pamphlet in the preceding year.

The closing date for receipt of entries is March 31, 1978. Entries should be addressed to George Orwell Prize, Penguin Books Ltd., Harmondsworth, Middlesex.

Purcell Room

Young Musicians

by DAVID MURRAY

Andrew Watkinson and Olivia Sinclair, Wednesday's soloists in the excellent Park Lane Group series "Young Artists and 20th Century Music," are both Scots (though not Simon Nicholls, who accompanied Mr. Watkinson strongly and with attentive precision). Both can boast solid credentials, and Watkinson's were in a way reflected in his choice of music: he has worked not only with Szigeti and Menuhin, with whom he has presumably studied Bartok's second Violin Sonata but also with Yfrah Neaman, who gave the premier of Gerhard's *Gemini*.

Gemini makes stringent demands on the colour-resources of both violinist and pianist, and they met them brilliantly. Not merely with technical assurance, but with panache: this is highly dramatic music, and it was properly exciting throughout. Watkinson fully commanded the sweep of the single elaborate movement — his impressive security did not for a moment suggest playing safe. There was comparable dash and conviction in his Bartok; if it had a weakness, it was that his view of its second part, full of sudden reversals, was not long enough yet to scotch a suspicion of stop-go. More public performances should cure that. Alone, he gave the first performance of Helen Longworth's *Un Mon en Flor*, an affair of vernal trills and chirrupings, with some lyrical ardour.

Miss Sinclair brought a firm touch and good rhythmic control to the Piano Sonata of the 18-year-old Richard Rodney Bennett, and shaped Hugh Wood's op. 5 Pieces expressively (it was good to meet that very well-made set again). She reappeared later with some Kabalevsky preludes and two of Rakhmaninov's *Etudes tableaux*, which displayed her strengths more generously: a clean attack, confident judgment about weight, a sharply etched line. It was playing of great candour, somewhat short of the half-lights which this Romantic music invites—something to do with her pedalling, which is plain and efficient rather than subtle. Her musical intelligence promises more.

*

Last night's Young Musicians were four: an exceptional guitarist (Darko Petrinjak) and oboist (John Anderson, with Trevor Hughes as his piano partner), and the excellent cellist Melissa Phelps who also appeared on Monday. The programme was expertly contrived to minimise the fact that there were a lot of short works—more of them than can be individually mentioned here.

One element of success was that some of the short pieces, being both pithy and well-written, held the attention more firmly than their like always do—among these one may include Lutoslawski's *Sacher Variation* for solo cello, the Hungarian Attila Bozay's *Tetelpar* for oboe and piano, and the *Solo* for oboe by the Soviet composer Edison Denisov which Mr. Anderson added as an extra.

Three more of the shorties, though of slighter musical interest, were good vehicles for these good performers: the Cuban Leo Brouwer's *La espiral eterna*, the Catalan Xavier Benguerel's *Versus* (the latter new to Britain—both for solo guitar) and Mr. Anderson's own *Improvisation* for solo oboe. A longer work for guitar, which had an amount of substance not often expended on this instrument was *Solus* by Michael Blake Watkins just the kind of music, serious without going ponderous, effective without being obviously concerned with effects, that the guitar repertoire needs so badly.

RONALD CRICHTON

Coliseum

Rigoletto

by ELIZABETH FORBES

Rigoletto, more than any other opera in the repertory, with the possible exception of *Madama Butterfly*, depends for its success on the protagonist. At the Coliseum on Wednesday the ENO production of Verdi's opera, originally directed by Michael Geliot and now carefully rehearsed by Steven Pimlott, was revived with a new Rigoletto. Neil Howlett has sung several other Verdi roles with the company, but all of them pale into insignificant hillocks when compared with this Everest among baritone ascents which can defeat even the most experienced singer.

Mr. Howlett has the voice, he has the notes and he has the sheer stamina to last out the opera. He also shows that he has some interesting and valid ideas about the interpretation of the character. What he has not yet acquired is the ability, on top of all the rest, to fill the music with passion, to use the vocal line as a means of expressing the inner anguish that torments the Jester. He sings "Pari siamo" ("We are equals," in Andrew Porter's forceful translation) with much feeling, but at present without a great deal of the genuine terror that Monterone's curse should inspire in him.

In "Cortigiani" ("Filthy rabble") his appeal to the courtiers is heart-felt and moving, but again it just lacks the final ounce of desperation. The duets with Gilda are tenderly phrased and neither in them nor in the arias is a single word lost. Lois McDonall as Gilda, does not display quite such good diction, but her creamy-toned, soft-grained voice is used to beautiful effect both in the scenes with Rigoletto and, particularly in the quartet. It is a pleasure to hear a lyric soprano in this role, and Miss McDonall proves how touching "Caro nome" can sound when sung simply and reflectively and, above all, with sincerity.

Derek Blackwell is unconvincing in appearance as the libertine Duke, while his singing, though often pleasant in timbre and warm in colour, would benefit from more elegant shaping, a smoother line and clearer enunciation. John Tomlinson makes a splendidly dangerous ruffian as Sparafucile, while Gillian Knight offers a Maddalena full of vitality. Christian du Plessis is excellent as Marullo and Linda Finnie impresses as Giovanna. Charles Groves conducts with a loving but rather too indulgent hand. He brings out much fine detail in the score, but too often allows the tension to drop through lack of a strong inner pulse.

Elizabeth Hall

Brendel

by NICHOLAS KENYON

Behind Alfred Brendel's intellectual dissection of the music he plays—have the fruits of thorough and original analysis ever been more evident in a great pianist's performances?—there lies a penetratingly simple emotional response to that music. At times, one has suspected him of wilfulness, of casually arguing against obvious musical truth in the way that a great philosopher might argue a false syllogism, in order to stimulate a restless intellect.

But in last night's recital (the second of four Wholly Schubert concerts he is giving in the course of the current Mainly Schubert series) the clarity of his emotional response quite subdued any such wilfulness. He played Schubert for all the icy, deadly seriousness which his music contains. I had never thought to hear all four Op. 90 Impromptus so brooding, so full of tension as Brendel made them sound: the first, which in other hands can be rambling, was unified into one powerful vision; the second, which can so often be sentimental, was utterly plain, the serenity just hinted at, never comfortably in repose. Even the arpeggios of the fourth Impromptu were restless, driven onwards by yearning.

To regard this cold approach to Schubert as evidence of Brendel's detachment is, I am sure, wholly mistaken. Even when the musical material at his disposal is less concentrated, as in the evening's two 1825 Sonatas, Brendel is profoundly involved—but he never allows that involvement to disturb the quite chilling balance which he strikes between Schubert's moods. Hinting at insecurity in the military rumblings of the A minor Sonata's first movement; hardly daring to breathe the joy of the Trio; awkwardly pounding the cross rhythms of the D major Sonata's slow movement; treating the final Rondo with deadpan seriousness (in spite of all Schumann's advice to the contrary)—in all these moments Brendel was wholly in command. His playing was direct in communication and revelatory in content.

ENTERTAINMENT GUIDE

C.C.—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA Tonight & Thur. next 7.30 last perfs. of Janacek's From the House of the Dead: Tomorrow & Tues. next 7.30 Rigoletto: Wed. next 7.30 Orpheus in the Underworld. 104 Balcony seats always available on day of performance.

COVENT GARDEN. CC. 240 1066. (Gardencharge credit cards 836 6903) THE ROYAL OPERA Tonight 7 p.m., Mon. & Wed. 7.30 p.m. La fanciulla del West. Tomor. 2 p.m. & Tues. 7.30 p.m. Die Fledermaus. THE ROYAL BALLET Tomor. 8 p.m. La Fille mal gardée. Thurs. 7 p.m. La Bayadère. A Month in the Country. Elite Syncopations. 65 Amphi' seats for all perfs. on sale from 10 a.m. on day of perf.

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THEATRES

ADELPHI THEATRE. CC. 01-836 7611. Evgs. 7.30 Mats. Thurs. 3.0. Sats. 4.0. "LONDON'S BEST NIGHT OUT. SPECTACLE, CAPTIVATING TUNES AND RACY COMEDY." S. People. IRENE THE MUSICAL MUSICAL "SLICK, SUMPTUOUS — IRENE HAS EVERYTHING." Daily Express. INSTANT CONFIRMED CREDIT CARD BOOKINGS ON 01-836 7611.

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ALDWYCH. 836 6404. Inf. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. Tonight 7.30. Tomor. 2.00 & 7.30 Jonson's THE ALCHEMIST "masterpiece of rampant knavery." D. Telegraph. with: THE COMEDY OF ERRORS (next perf. Mon.). RSC also at THE WAREHOUSE (see under W) and at Piccadilly and Savoy Theatres.

AMBASSADORS. 01-836 1171. Evgs. 8.0. Mats. Tues. 3. Sats. 5. SIOBHAN McKENNA as Sarah Bernhardt in MEMOIR with NIALL BUGGY

APOLLO. 01-437 2663. Evgs. 8.00. Mats. Thurs. 3.00. Sat. 5.00 and 8.00. "DONALD SINDEN IS SUPERB." NoW. SHUT YOUR EYES AND THINK OF ENGLAND "WICKEDLY FUNNY." Times. "GREAT ENTERTAINMENT." NoW.

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ASTORIA. Charing X Rd. 01-437 6239 or 01-437 5757 or 01-734 4291. Nearest Tube Tottenham Court Road. Mon.-Thurs. 8.00. Fri. and Sat. 6.00 and 8.45. "ELVIS" THE STAGE SPECTACULAR Tickets £1.50-£5.50. Instant Credit Card Res. Eat in our fully-licensed Restaurant or Buffet Bar lunch-time and before and after show—bookable in advance. "ELVIS" "Infectious, appealing, foot-stamping and heart thumping." Observer "ELVIS" "I was absolutely caught up in it, carried along by it, reinvigorated by the sheer verve and spectacle of it." Sun Tel. "ELVIS" "Staggeringly effective." Times. "ELVIS" "Performed with a verve rare in British musicals. The show literally had the audience dancing in the isles. This "Elvis" is marvellous Sunday Express

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CAMBRIDGE. CC. 01-836 6506. Mon. to Thur. 8.00. Fri. Sat. 5.45 8.30 IPI TOMBI "PULSATING MUSICAL." Evg. News. THIRD GREAT YEAR Seat prices £2.00 to £6.00. Dinner and top-price seat £7.75 inc.

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DUCHESS. 836 8243. Mon. to Thur. Evgs. 8.00. Fri., Sat. 6.15 and 9.00. OH! CALCUTTA! "The Nudity is Stunning." D. Telegraph. 8th SENSATIONAL YEAR

DUKE OF YORK'S. CC. 01-836 5122. Mon.-Sat. 8.00. Mats. Wed. 3.00 and Sat. 5.00 SIAN PHILLIPS PAUL DANEMAN in SPINE CHILLER Tickets from £1.80-£3.80 Instant Credit Card Reservation. Dinner and Top-price Seat £7.30.

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FORTUNE. 836 2238. Evgs. 8 Thur. 3. Sats. 5 and 8. Muriel Pavlow as MISS MARPLE in AGATHA CHRISTIE'S MURDER AT THE VICARAGE Third Great Year.

GARRICK THEATRE. 01-836 4601 Evs. 8.0. Wed. Mat. 3.0. Sat. 5.15 & 8.30 JILL MARTIN, JULIA SUTTON, DAVID FIRTH and Special Guest appearance for this week only BERNARD BRADEN in the "BRILLIANT MUSICAL ENTERTAINMENT." People. SIDE BY SIDE BY SONDHEIM "GO TWICE." S. Morley Punch. "GO THREE TIMES." S. Barnes. NYT.

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GREENWICH THEATRE. 01-858 7755. Evgs. 7.30. Mat. Sat 2.30 PINCH-ME-NOT. A new comedy by Richard O'Keeffe "An excellent first play." Times. "A considerable achievement." D.T. Weeks Only Jan. 17-28. Evgs. 7.30. Mat Sats. 2.30 LEONARD ROSSITER s THE IMMORTAL HAYDON. "A Stupendous vehicle for Rossiter . . . compelling and hugely entertaining." Punch.

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HAYMARKET. 01-930 9832. Previews Jan. 24 (Charity) and Jan. 25. Opens Jan. 26 7.00. Subs. evgs. 8.00. Mat. Wed. 2.30. Sat. 5.0 and 8.15 INGRID BERGMAN WENDY HILLER DEREK GODFREY DORIS HARE FRANCES CUKA in WATERS OF THE MOON by N. C. Hunter NOW BOOKING

HER MAJESTY'S. CC. 01-930 6606. Evgs. 8.00. Wed. and Sat. 3.00 and 8.00 GLYNIS JOHNS LEE MONTAGUE HELEN LINDSAY in TERENCE RATTIGAN'S CAUSE CELEBRE "RATTIGAN REVEALS HIS MASTERY." S.T. "A powerful drama." E.N. "GLYNIS JOHNS plays brilliantly." D.T.

HER MAJESTY'S. CC. 01-930 6606. Opening March 28 BRUCE FORSYTH in Leslie Bricusse & Anthony Newley's TRAVELLING MUSIC SHOW Previews from March 6.

KING'S ROAD THEATRE. 352 7488. Mon. to Thurs. 9.0. Fri., Sat. 7.30 9.30. THE ROCKY HORROR SHOW NOW IN ITS 5th ROCKING YEAR

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PALACE. 01-437 6834. Mon.-Thur. 8.00. Fri., Sat. 6.00 & 8.40. JESUS CHRIST SUPERSTAR

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PHOENIX. 01-836 8611 Opening March 1 FRANK FINLAY in The Leslie Bricuss Musical KINGS AND CLOWNS Red price prevs from Feb. 16.

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QUEEN'S THEATRE. 01-734 1166. Evgs. 8.0. Sat. 5.0, 8.30. Mat. Wed. 3.0. ALEC GUINNESS in THE OLD COUNTRY A New Play by ALAN BENNETT. Directed by CLIFFORD WILLIAMS. BEST PLAY OF THE YEAR Plays and Players London Critics Award. "One of the most notable theatrical events in this country for a good many years." B. Levin, Sunday Times.

RAYMOND REVUEBAR. CC. 01-734 1593. At 7 p.m., 9 p.m., 11 p.m. (open Suns.) PAUL RAYMOND presents THE FESTIVAL OF EROTICA Fully AIR CONDITIONED. You may drink and smoke in the auditorium

REGENT. CC. 01-637 9862-3 M. T., W. and F. 8.00 Thurs and Sat. 6.15 and 8.45 SEXUAL PERVERSITY IN CHICAGO AND DUCK VARIATIONS by David Manet The talk is dirty, the people are ice . . You will have a good time NY Dly News. "Talented eroticism." Daily Tel Student Stand-by Tickets available after 7.30 p.m. £1.00.

ROYAL COURT. 730 1745. From Thurs. at 8. Jan. 24 at 7. Subs. 8. Sat. 5 & 8.30. World Premier of LAUGHTER! by Peter Barnes. See also Theatre Upstairs.

ROYALTY. CC. 01-405 8004. Monday-Thursday Evenings 8.0. Friday 5.30 and 8.45. Saturday 3.0 and 8.0. London's critics vote BUBBLING BROWN SUGAR Best musical of 1977 Tel. bkgs. accepted. Major credit cards

ROUND HOUSE. 267 2564. Last perfs. Ton't & Tomor. at 8 ACTORS COMPANY in THE IMPORTANCE OF BEING EARNEST

SAVOY. CC. 01-836 8888 Evenings 8.0. Mats Thurs. 3.00 Sat 5.00 8.30. ROYAL SHAKESPEARE COMPANY RICHARD PASCO, SUSAN HAMPSHIRE NICKY HENSON JAMES COSSINS in Bernard Shaw's MAN AND SUPERMAN. Directed by CLIFFORD WILLIAMS "I sat in a cloud of joy from beginning to end" S. Times. RSC also at Aldwych and Piccadilly Theatres. Credit Card bookings accepted.

SHAFTESBURY THEATRE. 01-836 6596-7. Evs. 8.00. Mat. Thurs 2.30 Sat. 5.00 and 8.00 TICKETS £1.50-£4.00. PAUL JONES A NEW 16th-CENTURY ROCK MUSICAL DRAKE'S DREAM "Many Merry Refrains." Evening News. "Bouncing vigour." Evening Standard. "Spectacular Presentation." Stage Dnr. and Top Price Seat £7.75. Instant Credit Card Reservations

SHAW. 01-388 1394. Opens Mon. 7.00 Subs Evgs 7.30. Mats Thur. Fri. 2.30. AN INSPECTOR CALLS by J. B. Priestley

STRAND. 01-836 2660. Evenings 8.00. Mat Thurs 3.00 Saturdays 5.30 & 8.30. NO SEX PLEASE— WE'RE BRITISH THE WORLD'S GREATEST LAUGHTER MAKER

ST. MARTIN'S. CC 836 1443 Evgs 8.00. Mat. Tues 2.45. Saturdays 5 and 8. AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST-EVER RUN 26th YEAR

TALK OF THE TOWN. CC 734 5051. 8.15. Dining Dancing. 9.30 Super Revue RAZZLE DAZZLE and at 11 p.m. BUDDY GRECO

THEATRE UPSTAIRS. 730 2554. Until Sat. Eves. 7.30. Pirate Jenny in OUR OWN PEOPLE by David Edgar.

VAUDEVILLE. 836 9988. Evgs. at 8. Mats Tues. 2.45. Sats. 5 and 8. Dinah Sheridan, Dulcie Gray, Eleanor Summerfield James Grout A MURDER IS ANNOUNCED THE NEWEST WHODUNNIT by AGATHA CHRISTIE "re-enter Agatha with another whodunnit hit . . . Agatha Christie is stalking the West End yet again with another of her fiendishly ingenious murder mysteries." Felix Barker Ev. News

VICTORIA PALACE. 01-834 1317. Twice Daily at 2.30 and 7.30. BASIL BRUSH'S NEW REVUE BOOM! BOOM! BERT WEEDON BOBBY CRUSH AND STAR CO. "A true family show." D. Tel.

WAREHOUSE. Donmar Theatre. 836 6808. Royal Shakespeare Company. Ton't. 8.00 first night premiere Edward Bond's THE BUNDLE. All seats £1.50. Adv. Bkgs. Aldwych

WESTMINSTER. 834 0283 Last perfs. Today & Tomor. at 3 & 6. RUPERT'S CHRISTMAS ADVENTURE The Family Musical. "It's a hit." F.T.

WEMBLEY EMPIRE POOL until Feb 25. LAVISH ICE PANTOMIME HUMPTY DUMPTY "Sheer sparkling spectacle." D. Tel. Mon to Fri. 7.45 Mats. Weds., Thurs. at 3 Sats at 2 5 & 7 Chldn. & Senior Cits. half price except Sat 2 & 5 Pay at doors. Enquiries 902 1234. Spacious car park.

WINDMILL THEATRE. CC 437 6312. Twice Nightly at 8.00 and 10.00. OPEN SUNDAYS 6.00 and 8.00 PAUL RAYMOND presents RIP OFF THE EROTIC EXPERIENCE OF THE MODERN ERA "Takes to unprecedented limits what is permissible on our stages." Evg. News. You may drink and smoke in the Auditorium

WYNDHAM'S. 836 3028. Credit card booking 836 3692 (Ex Sat.) Mon - Thurs. 8 Fri. and Sat 5.15 and 8.30. "ENORMOUSLY RICH VERY FUNNY." Evening News. Mary O'Malley's smash-hit comedy ONCE A CATHOLIC "Surefire comedy on sex and religion." Daily Telegraph "MAKES YOU SHAKE WITH LAUGHTER." Gdn.

YOUNG VIC (near Old Vic) 928 6363. Ton't 7.45 SCAPINO.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: THE GAUNTLET (X). Wk. & Sun.: 2.00 5.00 8.00 Tonight & Sat. 11.00 2: THE LAST REMAKE OF BEAU GESTE (A). Wk. & Sun 2.00. 5.20 8.20. Late show Sat. 11.20

CAMDEN PLAZA. opp Camden Town Tube. 485 2443. Taviani's PADRE PADRONE (X) Grand Prix Cannes '77. 4.05. 6.25. 8.50.

CURZON. Curzon Street, W.1. 499 3737. PARDON MON AFFAIRE (X) (French Dialogue—English Sub-titles) Progs. at 2.0 (not Sun.). 4.05. 6.15 and 8.30.

LEICESTER SQUARE THEATRE. 930 5252. STAR WARS (U) Sep progs. dly. 2.00. 5.15. 8.35 Seats bkble for 5.15 and 8.35 progs.

ODEON. Leicester Square. 930 6111. THE DEEP (A). Sep progs. every day. Seats may be booked. Doors open at 1.20. 4.30 7.45.

ODEON Marble Arch 723 2011-2. AUDREY ROSE (AA). Sep. progs. Wks. 2.30. 5.30. 8.30.

PUBLIC SPENDING WHITE PAPER

report by Peter Ridde

Expenditure should expand from April

PUBLIC SPENDING should start expanding again in real terms in the financial year starting in April after a sharp decline in the past two years.

This is shown by the Government's plans from 1978-79 to 1981-82 in the two-volume annual Expenditure White Paper published yesterday.

The plans are intended to "permit a sustained improvement in standards, while allowing at the same time a substantial growth in personal consumption after four years of no growth."

Total public expenditure, including all borrowing by nationalised industries, is projected to rise by 2.2 per cent. in 1978-79 to £58.55bn. (in real terms at 1977 survey prices) compared with the original plans for the current financial year in the White Paper of 12 months ago.

However, substantial underspending below planned levels and unforeseen shortfall in 1977-78, as last year, means that a much larger rise in actual spending in 1978-79 is being projected.

Shortfall

The Treasury now estimates that the volume of public spending in 1977-78 will be £2.4bn., or 4.2 per cent., below the last White Paper plans at £54.85bn.—a drop of 4½ per cent. on the outcome for 1976-77.

Even if the once-for all proceeds of the BP share sale (£559m.) are added back to the estimated outcome, an increase of 5.6 per cent. in volume terms between the current financial year and 1978-79 is still indicated by the latest plans.

This would only occur if spending in 1978-79 emerges exactly at planned levels. In the past, there has often been some shortfall below planned levels as a result of the system of limits on programmes. This is taken into account in the forecasts for the economy and the borrowing requirement, and hence in the decisions on expenditure.

The White Paper points out: "How completely plans will be achieved in any one year is hard to predict, particularly in the light of recent experience.

"There is a general tendency to over-estimate the extent to which expenditure can be increased rapidly in the short run. But increasing familiarity with the new control and information systems should promote a closer match between estimates and out-turn."

Consequently the rise in spending between this year and 1978-1979 is likely to be lower than the apparent projected increase of 5½ per cent. Once exceptional items are excluded and account is taken of changes in relative costs and possible shortfall, the increase could emerge at around 3 per cent.

The White Paper also confirms that the total change in programmes, contingency reserve, and net overseas and market borrowing of nationalised industries in 1978-79 is an addition of £970m. compared with the last White Paper.

The addition to programmes in 1978-79 is £1.6bn. compared with a year ago, and this is partially offset by a £275m. reduction in the contingency reserve and a £500m. cut in estimated debt interest.

The figures for 1978-79 are described by the Treasury as "firm plans" and they will provide the basis of estimates, cash limits and the rate support grant.

Subsidies

The White Paper shows that the largest addition to programmes compared with previous plans has been in social security payments (notably the rise in child benefits) in special employment measures and in spending on construction.

There is also a large reduction next year, as in 1977-78, in the provision for the refinancing of home shipbuilding lending and fixed rate export credits compared with earlier estimates.

There has, however, been only a very modest restoration in 1978-79 of earlier cuts in capital spending on goods services, up £424m. compared with previous plans.

However, current subsidies and grants are £868m. higher in real terms than previously planned, with an even larger rise in the later years.

Within the totals, present expenditure on goods and services continues to rise slowly over the next few years. Transfer payments also increase with higher payments to individuals more than offsetting some continuing fall in subsidies.

The later years of the spending plans are regarded as increasingly provisional and will be renewed in successive annual surveys. But the White Paper projects a rise in the volume of total expenditure of 1.8 per cent. in 1979-80, of 2.1 per cent. in 1980-81, and of 0.8 per cent. in 1981-82.

This includes a sizeable contingency reserve to cover unforeseen items, rising from £750m. in 1978-79 to £2bn. in 1981-82.

Following proposals from the Commons Expenditure Committee, the White Paper includes illustrative projections of general Government expenditure and revenue up to 1979-80 based on the assumption of a 3½ per cent. growth of Gross Domestic Product.

This indicates the General Government borrowing requirement, which differs from that of the public sector as a whole by excluding borrowing from sources outside Government by nationalised industries and other public corporations.

Borrowing on this basis is expected to decline from an estimated £5.5bn. in the current financial year (at 1976-77 out-turn prices) to £5.4bn. in 1978-79 and £4.3bn. in 1979-80.

The White Paper says the "improvement in the country's financial situation, to which the cuts in public expenditure plans which preceded last year's White Paper made an important contribution, enables the Government now to plan for resumed and continuing expansion of many programmes financed by public expenditure." The plans indicate an expansion within the expected growth of Gross Domestic Product.

"Renewed expansion in expenditure plans must be governed by the Government's broad economic objectives of containing inflation, reducing unemployment and promoting industrial efficiency.

"In addition, the Government now aim at a greater degree of stability than has been achieved in recent years, so that expenditure programmes can be managed with confidence that they will not be subjected to the disruption of sudden cuts.

"Both for this reason and in order to leave room for manoeuvre on taxation, it is necessary that the planned growth rate for total public expenditure should be within the prospective growth rate of national income. . . .

"The Government want to improve and in many cases expand the provision of public services, and will do so as circumstances permit; but they do not intend to set up plans which go beyond what the economy can safely be assumed capable of sustaining."

Overseas

The ratios of total public expenditure, and of general Government expenditure on goods and services, to Gross Domestic Product are estimated to have been 44½ per cent. and 26 per cent. respectively, in 1976-77. In the period ahead, they are expected to be lower.

The White Paper focuses attention on a planning total which excludes debt interest but includes total net borrowing by the nationalised industries (not just what the Government lends to them).

Over the next few years, the industries are due to repay substantial amounts borrowed from overseas lenders in the mid-1970s and to replace this by borrowing from the Government.

The resulting increase in net Government lending is large enough to influence the year-to-year path of expenditure significantly, and for the purpose of planning public expenditure it is convenient to work with totals which are not influenced by this aspect of balance of payments management.

PUBLIC EXPENDITURE PLANS

£ million at 1977 survey prices

	1977-78 as in last year's White Paper	1977-78 as estimated now	1978-79	1979-80	1980-81	1981-82
Expenditure on programmes:						
Central government	39,572	38,233	41,655	41,980	42,418	42,570
Local authorities	15,407	15,165	15,493	15,719	15,890	15,992
Total general government	54,979	53,398	57,148	57,699	58,308	58,562
Certain public corporations(1)	993	922	952	1,012	1,002	1,015
Total expenditure on programmes	55,972	54,320	58,100	58,711	59,310	59,577
Contingency reserve	750	—	750	1,500	1,750	2,000
Total	56,722	—	58,850	60,211	61,060	61,577
Debt interest	2,500	1,900	2,000	1,900	1,800	1,600
Total public expenditure	59,222	56,220	60,850	62,111	62,860	63,177
Total programmes, contingency reserve and net overseas and market borrowing of nationalised industries	57,267	54,850(2)	58,550	59,611	60,860	61,327

(1) Corporations whose capital expenditure is included in public expenditure; mainly the water authorities, the housing corporation and the new town development corporations. These corporations do not include the nationalised industries.

(2) Net of £559m. proceeds of sale of shares in BP.

Mr. Joel Barnett, Chief Secretary to the Treasury, introducing the Government's White Paper yesterday: expected growth "leaves open the option to cut the burden of direct taxation."

Share of GDP should be lower than in mid-70s

THE SHARE of public spending in gross domestic product in the next few years should be lower than in 1976-77, according to the latest plans. But the growth of transfer payments in the total is likely to keep the ratio well above what it was in the early 1970s.

The sharp fall in public spending in real terms in the current financial year as a result of substantial underspending will presumably reduce the ratio to a lower level than expected in 1978-79. This is not discussed in the White Paper. No attempt is made to project the ratio for 1977-78 onward, unlike last year's White Paper.

In the first half of the 1970s public expenditure continued to grow at much the same rate as in the previous decade, while national disposable income grew very little, partly because of the slow growth in output and partly because of the deterioration in the terms of trade. The ratio of total public expenditure to GNP at market prices increased from 38 per cent. in 1971-72 to 46 per cent. in 1975-76, and fell to 44½ per cent. in 1976-77.

Sluggish

This ratio is not a wholly satisfactory indicator of the importance of the public sector in the economy as a whole.

For some purposes a more useful ratio is that for general government expenditure on goods and services. This ratio rose from 22½ per cent. of GNP in 1971-72 to 27 per cent. in 1975-76, and fell to 26 per cent. in 1976-77. On either basis there was a sharp increase up to 1975-76 followed by some fall last year.

The White Paper notes the progress last year in removing the financial imbalances which proved so disruptive in 1976, though the real economy was sluggish.

The discussion of the economy stresses how uncertainty over both the future rates of inflation and growth of productivity, and hence of the economy's productive potential, pose the major question marks over the medium-term prospects for the economy.

The White Paper says that in the 25 years to the start of the recent recession the trend rate of growth of GNP was 2½ per cent. a year.

But in the past four years output has been virtually flat, and there has been almost no growth in recorded productivity.

"It is impossible to say how much of this absence of growth or productivity is cyclical—and so will be made good as output recovers—and how much it reflects a downward shift in the underlying growth of productivity."

After noting the rise in energy prices and the low level of investment in recent years as well as the contribution from the faster growth of labour supply and rising North Sea oil output, the White Paper says. "In the light of available evidence it would be imprudent to count on a faster growth of productive potential than 3 per cent. a year."

"Provided inflation is contained and there is some recovery in world trade, the economy should be able to grow at above its past trend rate. But on present prospects a marked improvement in industrial performance would be necessary to sustain a growth rate above 3½ per cent. over the next few years.

"The aim must be to achieve such an improvement; but it cannot be assumed in advance as a basis for planning public expenditure. With the current degree of unemployment and the bonus of North Sea oil it would be disappointing if a 3½ per cent. growth rate were the limit. It should bring down unemployment, but the reduction would be gradual."

Borrowing

The White Paper includes projections of the revenue and expenditure, and of the financial balance and borrowing requirement, of general government for the next three years. This relates to borrowing requirement of general government (that is central and local government) rather than the more familiar concept of the public-sector borrowing requirement, which includes borrowing by nationalised industries and other public corporations from sources outside government.

"The projections for 1977-78 and 1978-79 are consistent with the forecasts for the public sector borrowing requirement published in October. For 1979-80, they are based on the assumption that GNP will continue to grow at 3½ per cent. and that private sector expenditure will be sufficient to produce a level of demand consistent with that growth rate. The figures for 17979-80 are thus not forecasts, but illustrations of what might be consistent with one assumption concerning the growth of GNP.

"The figures of revenue for 1977-78 and 1978-79 are based on the existing tax rates and the levels of personal allowances announced on October 26. The projections for 1979-80 assume existing tax rates and an increase in personal allowances in line with the forecast rise in retail prices during 1978, following the provisions of the 1977 Finance Act.

"The figures for public expenditure are based on current programmes, but a number of adjustments have been necessary—for instance to make some allowance for the likelihood that the outturn of expenditure programmes as a whole will fall somewhat below the planned level.

Past experience shows that this kind of underspending varies considerably and cannot be closely predicted for any particular year. For 1977-78, the expenditure figures in this White Paper have already been revised downwards on this account. For 1978-79 and 1979-80, the allowance represents only a very broad judgment about the possible outcome, having regard to the experience of the previous two years, but assuming some improvement in the match between outturn and plans as a result of greater familiarity with the new control and monitoring systems.

"The projections assume growth of average earnings at 10 per cent. a year and an effective exchange rate index of 62½.

Both expenditure and revenue are expressed at 1976-77 prices. Forecasts of borrowing requirements are subject to a wide margin of error since the figure is the difference between two large flows.

"The projections show total tax revenue (at 1976-77 prices) declining in the current year, reflecting the changes in tax rates and allowances during 1977, but thereafter increasing faster than GNP. An important element in this rise is the growing volume of tax and royalty revenues arising from North Sea oil.

"These account for about £1.4bn. of the £4.1bn. projected rise in tax revenue between 1977-78 and 1979-80. The fall in the real value of social security contributions between 1976-77 and 1977-78 is largely accounted for by the movement of real earnings.

"The reason for the further fall shown in 1978-79 is that the National Insurance Fund is expected to show an excess of receipts over outgoings this year, but in future years receipts and outgoings are assumed to be roughly in balance.

"Total general government receipts are projected to rise by about 8 per cent. between 1977-1978 and 1979-80, and total expenditure by 5 per cent. Thus, at unchanged tax rates, the general Government borrowing requirement, at 1976-77 prices, is projected to fall from about £5½bn. in 1977-78 to about £4½bn. in 1979-80.

PUBLIC EXPENDITURE BY PROGRAMME IN COST TERMS

£m.

At 1976-77 prices, including the relative price effect	1976-77	1977-78	1978-79	1979-80
1 Defence	6,192	5,847	5,759	6,019
2 Overseas aid and other overseas services	1,046	1,160	1,453	1,565
3 Agriculture, fisheries, food and forestry	1,021	819	654	606
4 Trade, industry and employment	3,061	1,772	2,772	2,457
5 Government lending to nationalised industries	288	367	1,178	1,352
6 Roads and transport	2,758	2,550	2,513	2,547
7 Housing	4,800	4,370	4,549	4,648
8 Other environmental services	2,646	2,419	2,446	2,523
9 Law, order and protective services	1,828	1,766	1,778	1,819
10 Education and libraries, science and arts	8,169	7,649	7,649	7,845
11 Health and personal social services	7,113	6,926	6,960	7,175
12 Social security	11,194	11,570	12,217	12,257
13 Other public services	834	791	784	810
14 Common services	842	800	804	852
15 Northern Ireland	1,673	1,646	1,694	1,701
Total programmes	53,465	50,453	53,210	54,174
Debt interest	1,450	1,650	1,750	1,650
Contingency reserve	—	—	650	1,300
Total in cost terms	54,915	52,100	55,600	57,150
Less relative price effect	—	−1,200	−1,850	−1,450
Total in volume terms at 1976-77 prices (rounded)	54,900	53,300	57,450	58,600
Change in relative price effect over previous year	+300	−1,200	−650	+400
Relative price change over previous year (per cent)	+0.5	−2.3	−0.9	+0.7

State industry lending hard to forecast

THE SUBSTANTIAL undershooting of expenditure below planned levels in both 1976-77 and the current financial year is highlighted in the White Paper.

The volume of expenditure on programmes other than nationalised industries is now estimated to have been about 3 per cent. below the last White Paper figure in 1976-77 and a similar result is likely this year.

The shortfall is much larger when account is taken of all items. In 1976-77 total expenditure was £2.4bn. or 4.1 per cent. lower than planned, while this year, the latest estimate is that total spending, including the contingency reserve, will be £2.41bn lower than planned a year ago, a difference of 4.2 per cent.

One major difference between plans and out-turn was in government lending to nationalised industries. This is a particularly difficult programme to forecast.

The 1976-77 outturn figure of £330m. was not only much lower than in the previous year but also well below the 1976-77 provision of £917m. in the last White Paper: overseas borrowing by the industries was greater than assumed, which provided only for such overseas borrowing as had already been undertaken when the figures were prepared.

In addition, both the trading results and the capital expenditure of the nationalised industries turned out differently from previously assumed.

Many factors contributed to the general undershoot. The more extensive use of cash limits was itself probably one, as many programme managers were especially careful to run no risk of exceeding their limits. On the central government programmes covered by cash limits, expenditure (at outturn prices) was about 2 per cent. of £600m. below those limits. In volume terms the difference was somewhat greater, since prices rose faster than had been allowed for when the cash limits were set.

Expenditure on new measures to promote employment turned out less than the original estimate, and there was over-provision for refinance of export credit, unavoidable delays in obtaining some defence equipment, and delays in road building as a result of weather conditions in the second half of the year.

Continued on Next Page

SUMMARY OF CHANGES SINCE LAST WHITE PAPER

£m. at 1977 survey prices

	1978–79	1979–80	1980–81
March 1977 Budget measures			
Employment schemes(2)	+66	+6	+4
Inner cities (construction)	+74	—	—
Effect of tax changes on child benefit tax offset	+4	+4	+4
	+144	+10	+8
Statement of 25 May 1977			
1977 uprating of social security benefits	+120	+120	+120
Statement of 29 June 1977			
Employment measures	+131	+200	+198
Associated education expenditure	+4	+12	+18
	+135	+212	+216
Statement of 15 July 1977			
Milk subsidy	—	—	—
Electricity discount scheme	+3	—	—
Additional assistance to industry	+14	+16	+9
Extension of eligibility for free school meals	+30	+32	+29
Child benefit	+314	+308	+302
Construction	—	—	—
	+361	+356	+340
Statement of 26 October 1977			
Construction	+369	+200	—
Overseas aid	+20	—	—
Assistance to small firms	+2	—	—
Law and order	+10	+11	+11
Education, science and arts	+10	+10	+10
Health authorities	+12	+12	+12
Local authorities, personal social services	+6	+6	+6
Uprating of mobility allowance	+14	+18	+19
Effect of tax changes on child benefit tax offset	+14	+14	+14
	+457	+271	+72
Other announced changes	+165	+155	+137
Other changes	+232	−34*	+937*
Total changes to programmes	+1,614	+1,090*	+1,830*
Change to contingency reserve	−275		
Total change	+1,339		
Change to debt interest	−500		
Change to total public expenditure	+839		
Total change to programmes, contingency reserve and net overseas and market borrowing of nationalised industries	+970		
Summary of changes			
Current: goods and services	+144	+136	+514
subsidies and grants	+868	+1,063	+1,300
Capital: goods and services	+424	−141	−101
grants	+118	−8	−20
net lending to nationalised industries and some other public corporations	+319	+43	+50
other net lending and capital transaction	−259	−3	+87
	+1,614	+1,090*	+1,830*

* Excludes refinancing of home shipbuilding lending and fixed rate export credits, government lending to nationalised industries and debt interest for which no estimates were published in last White Paper.

Big rise expected in bill for social security

CENTRAL GOVERNMENT expenditure is projected to rise by nearly 9 per cent. in real terms between the current financial year and 1978-79.

Within total programmes of £41.65bn. next year (at 1977 survey programmes), the largest item is social security.

This is projected to show a rise of 6.3 per cent. in real terms next year. Defence expenditure is expected to increase by only ½ per cent. next year and by 3½ per cent. in 1979-80.

The White Paper says nationalised industry total net borrowing (other than on a short-term basis) declined from £1.76bn. to £950m. in the current financial year (both at 1977 survey prices).

The total is projected to rise to £1.05bn. in 1978-79 and £950m. in 1979-80 with figures of £1.15bn. and £850m. in the last two years of the planning period.

Within this total, net lending by central Government is expected to rise to a high level in the next few years — from an estimated £420m. in the current financial year to £1.35bn. in 1978-79 followed by totals of £1.55bn., £1.35bn. and £1.1bn.

The differences between the two sets of figures reflect the industries' net borrowing from, or repayments to, the market and overseas, and in particular the major programme of foreign currency and market debt repayments which the industries are expected to make between 1978-1979 and 1980-81.

The precise timing of this programme is uncertain. If repayments were made sooner than assumed, that would affect the figures for net Government lending, but total net borrowing by the industries would not be affected to any great extent.

The fall in the industries' overall net borrowing requirement after 1976-77 marks an improvement in the financial position of most of them. After the deficits caused by price restraint in the early 1970s, most of the industries are now profitable again as a result of the progressive return to economic pricing.

They are therefore able to make a substantial contribution to the financing of their own investment, which is expected to amount to about £3½bn. in 1977-1978 and in 1978-79. It is part of the Government's medium-term expenditure strategy that this improvement in the industries' financial position should be maintained.

The White Paper also highlights the efforts made by local authorities to rein back current expenditure in the past three years.

A year ago it was still feared that the adjustment was not being achieved as quickly as the Government had hoped, and that an absolute reduction in the volume of expenditure might be required in 1978-79. In the event, a rate of growth which had reached nearly 10 per cent. in the 1974-75 has been succeeded by an increase of only about half that amount over the whole of the following three years.

Current expenditure by local authorities is now estimated to have risen by only just over ¾ per cent. to £11.84bn. during 1977-78 (at 1977 Survey prices). The capital expenditure of councils estimated to have declined by nearly 22 per cent. to £3.08bn. this year and by 36 per cent. compared with 1975-76.

It is no longer necessary for the total volume of current expenditure to be cut in 1978-79. After taking account of demographic factors and of the continuing revenue effects of capital projects, there will be little scope for improvements in the level of service provision, and continued restraint in local authority spending plans will be necessary. However, the rate support grant settlements for 1978-79 provide for some resumption of growth in the total of current expenditure, up 1 per cent. in real terms.

Similarly, last year's plans for the capital expenditure of local authorities also provided for a reduction in 1978-79 compared with the current year. Now it is possible to look ahead to a small increase (of 6.4 per cent.) following the special measures to assist the construction industry announced during 1977.

The figures for total public expenditure include debt interest. Last year, a new concept of debt interest was introduced, including only those payments which have to be financed from tax on further government borrowing. Payments met from interest receipts on money lent, or for which provision is made from trading surpluses or rents, are excluded.

There has been a significant reduction in the estimated level of debt interest as a result of the fall in interest rates and the lower public sector borrowing requirement projections.

For 1977-78, debt interest (on the new definition) is estimated at £1.9bn. (at 1977 survey prices), which is £600m. lower than in last year's White Paper. For 1978-79 the estimate is now £2bn., a decline of £500m. The total of debt interest is expected to decline in real terms in the later years of the planning period after the sharp rise of the last few years.

On the old definition, total public sector debt interest payments are estimated at £7.4bn. in the current financial year and £7.5bn. in 1978-79.

An analysis in the White Paper shows that balance of spending by economic category is not expected to change much over the planning period. Current expenditure on goods and services, which now accounts for nearly half the total, continues to rise slowly.

Public expenditure on fixed investment increases over the planning period but remains relatively low compared with the years up to 1975-76. Most of it is construction work, and the extra spending on construction announced during 1977 means that a steady level of direct public spending on construction in the next four years is now planned, at about £4½bn. a year. If construction expenditure by the nationalised industries and housing associations is included, the total planned level of public spending on construction rises to some £6½bn. in 1978-79 and continues at a similar level through to 1981-82.

PUBLIC EXPENDITURE BY PROGRAMME AND IN TOTAL

£m. at 1977 survey prices

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
Defence	6,361	6,255	6,289	6,494	6,660	6,660
Overseas aid and other overseas services	1,188	1,351	1,722	1,860	1,958	1,962
Agriculture, fisheries, food and forestry	1,133	899	706	654	649	642
Trade, industry and employment:						
refinance of home shipbuilding and fixed rate export credit	636	−174	145	−44	−114	−30
other	2,542	1,970*	2,798	2,632	2,589	2,547
Government lending to nationalised industries	330	420	1,350	1,550	1,350	1,100
Roads and transport	2,784	2,590	2,563	2,583	2,572	2,554
Housing	4,870	4,475	4,702	4,814	4,948	4,995
Other environmental services	2,682	2,532	2,594	2,626	2,643	2,657
Law, order and protective services	1,895	1,906	1,948	1,947	1,970	1,992
Education and libraries, science and arts	8,293	8,010	8,102	8,143	8,205	8,255
Health and personal social services	7,287	7,390	7,537	7,652	7,776	7,927
Social security	12,717	13,226	14,063	14,172	14,458	14,602
Other public services	848	844	854	865	865	886
Common services	896	883	910	952	986	1,022
Northern Ireland	1,737	1,742	1,815	1,811	1,796	1,808
Total programmes	56,201	54,320	58,100	58,711	59,310	59,577
Contingency reserve	—	—	750	1,500	1,750	2,000
Total	56,201	54,320	58,850	60,211	61,060	61,577
Debt interest	1,662	1,900	2,000	1,900	1,800	1,600
Total	57,863	56,220	60,850	62,111	62,860	63,177
Total programmes, contingency reserve and foreign and market borrowing of nationalised industries	57,635	54,850	58,550	59,611	60,860	61,327

* Net of £559m. for proceeds of sale of shares in the British Petroleum.

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The programmes

efence

PENDITURE on defence is ected to rise only fractionally 1978-79 in real terms and the in change since the last White per has been the agreement ched by Nato Ministers last mer that they should aim at annual increase in defence enditure in the region of per cent. between 1979 and 81 in order to avoid a con- ued deterioration in the rela- defence capabilities of Nato the Warsaw Pact.

The provisional Defence dget figures for 1979-80 and 0-81 have been revised in the it of this agreement and they vide for annual growth of per cent. over the 1978-79 el. The 1980-81 figure will be iject to review in this year's nual spending survey in the ht of the U.K.'s economic sition.

The figure for 1981-82 is at this ge simply a repeat of the ur for 1980-81.

A firm figure for 1981-82 will be termined in due course in the ht of developments in the onomy and the planned fence programme.

werseas aid

The programme for 1978-79 is anned to be £26m. higher than last year's White Paper at 9m., compared with £585m. in e current financial year (both real terms in 1977 Survey ices).

Provision is now made for the ogramme to rise steadily by per cent. a year thereafter, so at by 1981-82 it is planned to over 40 per cent. larger in lume terms than the estimated t-turn for the current financial ar.

The Government thereafter pects continued progress wards the United Nations aid rget of 0.7 per cent. of Gross ational Product, which they ve accepted in principle but thout commitment as to the te by which it may be capable being reached.

In 1976, U.K. official develop- ent assistance represented 0.38 r cent. of Gross National Pro- ict. There has been substantial derspending below previously anned levels in both the last d current financial years—of 7 per cent. and 6½ per cent. spectively.

griculture

Expenditure plans are roughly e same as set out last year with e exception of certain food sub- idies which have been slightly igher in the current year.

There is also increased ex- enditure in 1978-79 on market egulation under the Common gricultural Policy, partly offset y increased receipts from the C.

ndustry jobs

The main change in these pro- rammes compared with previous lans is a £237m. reduction in 978-79 in the provision for the efinancing of home shipbuilding ending and fixed rate export redits following the renegotia- ion of the arrangements with the anks. There are also some dditions from next year on- vards in expenditure on employ- ment measures.

But the main programmes are nchanged—for example the allo- ation of loans and advances of ublic dividend capital to the lational Enterprise Board re- nains at £275m. a year, adjusted o take account of the expected nderspend in 1977-78 and loan epayments.

The Board underspent in 1976-7, its first full year of opera- ion, principally because the equirements of its major sub- idiaries and the demand from ndustry for assistance under the nachine tool stockbuilding chemes were substantially less han anticipated.

There has been considerable ephasing of Government ex- enditure on selective assistance o individual industries and firms ince the last White Paper. Spending in 1976-77 was less than orecast mainly because indus- ry's response to the accelerated rojects and individual sectoral chemes was slower to develop han had been expected.

The result is that spending on selective assistance is ex- pected to have been only £90m. and £91m. respectively in 1976-77 and 1977-78.

But a rise to £166m. is projected next year, but the total is then expected to fall back to £150m. in 1979-80 and £101m. and £62m. in the past two years of the planning period.

Spending on the energy conservation measures, announced last December, will be £85m. in 1978-79 and over £80m. a year thereafter. The bulk of the programme consists of basic insulation, improvements in local authority housing and health and educational buildings, and the expansion of advisory services. The Department of Energy itself only has a small share of the programme.

Roads and transport

THE changes in expenditure on this programme are fairly minor compared with last year's White Paper with net additions of £66m. in 1978-79, £35m. in 1979-80 and £38m. in the following year.

This includes the road and transport element of the assistance to the construction industry, announced last October. Most of the increase has been allocated to local road-building and there have also been changes in the level of support for the British Railways Board and provision for assistance to the National Freight Corporation as part of its capital reconstruction.

There has been significant underspending recently on the main road programme.

For example, in the motorway and trunk road programme spending was £41m. less than estimated in 1976-77, when there were unfavourable weather conditions.

In the current year, expenditure is also expected to be about £40m. below provision at £438m., partly because of delays to the start of a number of major schemes.

Expenditure on motorways and trunk roads is projected to rise to £494m. in 1978-79 and remain at around that level in the following years.

Local authority expenditure on transport in Great Britain in 1976-77 was about £185m. below the level forecast in last year's White Paper. Latest estimates suggest that capital expenditure will be close to target in 1977-78 but that current spending will be below planned levels.

Reflecting the new transport policy, expenditure on local transport is expected to increase by £33m. in 1978-79, rising by £81m. at the end of the decade, compared with the last White Paper.

Housing

Total public expenditure on housing is expected to be rather lower in the next few years than planned in the last White Paper mainly because of the effects of the fall in interest rates on housing subsidies.

But total spending is still likely to rise steadily compared with the current financial year.

There was a shortfall in total housing expenditure of around 5½ per cent. in 1976-77 and in the current financial year spending is expected to be a similar percentage lower than planned.

This is mainly explained by reduced spending on subsidies as a result of lower interest rates, partly offset by increases in construction programmes.

The relatively small change in 1978-79—a decline of £23m. compared with the last White Paper but a rise of £227m. on the expected 1977-78 total—is the net result of similarly reduced estimates of subsidies and of increased capital spending.

The detailed figures for the later years are described as more than ever tentative as consultations on the Government's housing Green Papers are continuing.

Total expenditure in 1979-80 and 1980-81 is projected at £279m. and £146m. lower than previously planned.

Housing subsidies are projected to remain flat from 1978-1979 onwards though a total level of £1.46bn. is still more than double the figre for 1972-73 in real terms.

Capital expenditure by local authorities is projected to rise from £1.78bn this year to £1.95bn. in 1978-79 and just over £2bn. in the remaining years of the planning period.

The White Paper also contains estimates of the tax receipts forgone through relief on mortgage interest for owner-occupiers.

This total is projected at £1.05bn. in the current financial year, slightly lower than the figure of £1.17bn. in 1976-77 and £1.1bn. in 1975-76.

Estimates are included of the capitalised costs to local authorities and the Land Authority for Wales of purchasing land and making it available for private development in their areas.

The estimates are net of receipts from land disposals. The total is projected to increase from £32m. in the current financial year to £64m. in 1978-79, £83m. in 1979-80 and £102m. in the last two years of the planning period.

Urban programme

As part of the Government's policy for the regeneration of inner city areas, the urban programme has been widened to cover economic and environmental projects as well as social projects and substantially increased from its 1976-77 level of under £30m. to over £115m. from 1978-79 in England and Wales. In Scotland, the urban programme will be similarly expanded from under £4m. in 1976-1977 to about £20m. by 1980-81.

A special emphasis on capital projects is provided during 1977-1978 and 1978-79 through the additional resources of over £90m. allocated during 1977 for construction work in inner urban areas of Great Britain. Apart from this, the increased provision for the urban programme has been found from a reordering of priorities within existing expenditure programmes supplemented by £20.2m. of additional resources from 1979-80.

Although the major part of this provision is within the other environmental services programme, some provision for roads and transport, education and health and personal social services projects in England and Wales is contained in the relevant functional programmes.

State industry

Capital spending by nationalised industries is projected to rise only fractionally from £3.49bn. to £3.58bn. between the current financial year and 1978-79. The projected totals for the following two years are £3.48bn. and £3.64bn. but the figures for the later years exclude British Steel Corporation.

The largest increase in expenditure on fixed assets is expected in the energy industries (up from an estimated £1.59bn. in the current financial year to £1.83bn. in 1978-79, £2.04bn. in 1979-80 and £2.2bn. in 1980-81). Both British Gas and the British National Oil Corporation are expected to increase their expenditure sharply (in each case more than double the current year totals by 1980-81).

In contrast, little change is expected in the spending of the Post Office, airways and airports, or of the surface transport industries.

Education

The White Paper says that although there is little room for improving the standards of provision, the programme should be sufficient to maintain existing standards, both for the smaller number of pupils and schools, for the increased number of students in higher education and also for the growing numbers of 16 to 19-year-olds and others who are likely to seek non-advanced further education.

The pupil-teacher ratio is, for example, estimated at 19.4 in the current financial year and should decline to 18.9 in 1978-79, 18.5 in 1979-80 and 18.3 in the remaining two years of the planning period.

Total expenditure on education and libraries is estimated at £7.65bn. in the current financial year, rising to £7.73bn. in 1978-79 and £7.77bn. in 1979-80, and slightly higher in the last two years of the planning period.

Health

Expenditure on health and other social services has been increased compared with the last White Paper—by £111m. in real terms in 1978-79 mainly as a result of additional construction spending and the withdrawal of the National Health Service road traffic accidents charges scheme.

The White Paper estimates that up until the early 1980s current expenditure on the hospital and community health services will need to grow by around 1 per cent. a year, merely to cover the effects of demographic change and to make some allowance for the cost of constantly improving medical techniques.

Expenditure on personal social services will need to grow at about 2 per cent. a year, in particular because of the growing numbers of elderly people and of children in care.

Overall, the programme provides for this minimum growth with some margin for development, particularly in 1981-82.

Current expenditure has been increased from 1978-79 onwards to help to relieve some of the immediate pressure on services. Planned capital allocations have also been increased.

Welfare

The general pattern of social security benefits has not altered from a year ago but the increase in spending compared with previous plans is significant, principally because of a £314m. rise in the net cost of child benefit in 1978-79 and marginally lower rises in the later years of the planning period.

The total change in social security spending compared with the last White Paper is £494m. next year and £723m. and £930m. in 1979-80 and 1980-81 respectively.

The social security budget is expected to rise from £13.23bn. in the current financial year, almost exactly as planned, up to £14.06bn. in 1978-79 and £14.17bn. in the following year.

This contains a separate item of £350m. in 1978-79 and £500m. in 1979-80 (rising to £750m. and £1bn. in the following two years) as an allowance for uprating improvements over average 1977-78 benefit levels. This is because it is necessary to reflect in the total the statutory requirement to raise pensions and other long-term benefits at least annually in line with earnings (or prices if they rise faster), and the main short-term benefits in line with prices.

This requirement in practice normally entails expenditure to improve long-term benefits in real terms beyond the price inflation adjustment inherent in the White Paper projections.

The White Paper contains an estimate of the average numbers receiving the main benefits at any one time. The estimate recipients of unemployment benefit are projected to rise from 665,000 in the current financial year to 710,000 in 1978-79 before declining to 630,000 in the following year.

This is described as merely a working assumption and is not an unemployment forecast since the percentage of the unemployed receiving benefits varies. This is because unemployment benefit is a short-term basis and those out of work for a longer period would receive other benefits.

PUBLIC EXPENDITURE BY SPENDING AUTHORITY AND ECONOMIC CATEGORY AND IN TOTAL

£m. at 1977 survey prices

	1976–77	1977–78	1978–79	1979–80	1980–81	1981–82
Central government						
Current:						
Goods and services	16,187	16,381	16,626	16,946	17,261	17,431
Subsidies and grants	18,789	18,969	20,024	20,103	20,489	20,624
Capital:						
Goods and services	1,518	1,293	1,450	1,418	1,393	1,415
Grants	1,247	1,322	1,319	1,293	1,296	1,311
Net lending to nationalised industries and some other public corporations	552	727	1,737	1,897	1,678	1,418
Other net lending and capital transactions	945	−459	499	322	300	371
Total excluding debt interest	39,238	38,233	41,655	41,980	42,418	42,570
Local authorities						
Current:						
Goods and services	10,789	10,792	10,907	10,997	11,085	11,157
Subsidies and grants	1,136	1,247	1,255	1,300	1,340	1,364
Capital:						
Goods and services	3,880	3,016	3,132	3,194	3,220	3,215
Grants	128	157	229	240	241	241
Net lending and other capital transactions	−16	−47	−30	−11	5	14
Total excluding debt interest	15,916	15,165	15,493	15,719	15,890	15,992
Certain public corporations						
Capital:						
Goods and services	970	890	869	878	868	877
Grants	4	6	8	8	8	8
Net lending and other capital transactions	72	26	75	127	126	130
Total	1,047	922	952	1,012	1,002	1,015
Total expenditure on programmes	56,201	54,320	58,100	58,711	59,310	59,577
Contingency reserve	—	—	750	1,500	1,750	2,000
Total	56,201	54,320	58,850	60,211	61,060	61,577
Debt interest	1,662	1,900	2,000	1,900	1,800	1,600
Total	57,863	56,220	60,850	62,111	62,860	63,177

Continued from page 14

State industry lending hard to forecast

For 1977-78, the volume of spending is estimated at 95½ per cent. of the last White Paper's provision for programmes and contingency reserve. In addition, the expected net outturn of debt interest is significantly below earlier figures.

A considerable part of the difference is attributable to two major items: government lending to nationalised industries, which is again expected to be substantially lower than planned initially, and refinancing of export and shipbuilding credit, which, partly owing to the new arrangements with the banks, is expected to show net repayments to the government this year. Apart from these two items, the outturn is now estimated at over 97 per cent. of last year's plans.

The changes reflect many causes. For example, lower interest rates have reduced the scale of housing subsidies, some delay is still being experienced in defence works and procurement programmes and, in some cases, firmer estimates of expenditure in 1976-77 have led to revised estimates for the current year.

The value of central government expenditure covered by cash limits in the first half of the financial year was about 3½ per cent. below what departments had expected at the beginning of the year. For the year as a whole the estimates given in this White Paper reflect the belief of departments that the volume of their expenditure over the full year will be somewhat nearer the initial plans. For local authority current expenditure the figures now given are consistent with those available at the time of the negotiation of the rate support grant for 1978-79.

The Government's Expenditure Plans 1978-79 to 1981-82 (Cmnd. 7049—volumes I and II, prices 70p and £2.35), SO.

DEFENCE

The soldiers press for more

DEFENCE spending is always a sensitive topic for Labour Governments, and the decision to raise it by 3 per cent. in 1979-80 has already provoked an angry outburst from the Party's Left wing. The Left has denounced the move as a surrender to pressure from NATO and military commanders.

The increase, however, falls far short of the boost the military would like to seen in response to the continuing build-up of Warsaw Pact forces. It also has to be set against a budget for 1978-79 that has been heavily cut over the past 18 months. Nevertheless, Mr. Fred Mulley, the Defence Minister, is clearly pleased that he has managed to steer the figure he wanted through the Cabinet.

The decision, widely foreshadowed in Press reports over the past few days, has also received a warm welcome at NATO Headquarters in Brussels, which only four months ago sharply rebuked Britain for defence cuts announced at the end of 1976. In a letter to Mr. Mulley last September, Dr. Joseph Luns, the Alliance's Secretary-General, said the cuts could only be detrimental to the effectiveness of the country's forces "inasmuch as previous cuts practically exhausted the possibilities of finding savings in areas which could be considered as not directly related to NATO." He urged the *Government to reinstate the cuts* as soon as possible.

While the three per cent. increase will not fully restore the 1976 cuts, it is in line with the NATO commitment undertaken by Defence Ministers shortly after last May's summit meeting of the Alliance in London. Following President Carter's call for a strengthening of the West's capabilities, the Defence Ministers agreed to try to raise spending by three per cent. in real terms in each of the five years starting in 1979.

The commitment is explicitly referred to in the White Paper, which provides for a further three per cent. increase in 1980-81. The latter figure, however, will be subject to review in the next public expenditure survey later this year "in the light of economic circumstances." This reflects the let-out clause in the Defence Ministers' agreement, allowing countries to miss the target if their economies cannot stand the strain. NATO, however, has already made it abundantly clear to Britain that with North Sea oil it has no excuse for not increasing defence spending. The White Paper makes no projections for the latter part of the five-year period.

The British announcement means that five countries have now stated they will meet or exceed the three per cent. target in their next budgets. The others are the U.S., Canada, Belgium and Norway. West Germany is expected to do the same, but under Bonn's budgetary procedures the precise rate of increase will not be known for some time yet.

The British decision has already been welcomed by the Liberal Party, whose spokesman, Mr. Emlyn Hooson, claimed that it showed another successful example of the working of the Lib-Lab Pact. Details of how the money will be spent, however, have not yet been worked out. These should be announced in the Government's usual Defence Policy White Paper later in the year.

Reginald Dale

EDUCATION

More teachers on the way

A BONUS of 9,000 teachers in British State schools will be the most tangible evidence of a budgeted rise of 4 per cent. in recurrent spending—from £7.5bn. this year to £7.8bn. in 1981-82—on education including libraries, civil science and the arts. Annual capital expenditure is set to fall from £529m. to £473m.

Science funds are to have an extra £4m. a year, the first *annual injection being for con*struction projects, as announced in October. But education—with libraries, accounting for 96 per cent. of the total expenditure—inevitably benefit most from the promised return to "modest improvements." And while there will be more money for school books and suchlike and provision for a good many more students on sub-degree courses in further eduction, the major share will go to making the teaching force nearly 2 per cent. bigger than was previously intended.

About 7,500 of the posts represent salvage because the Department of Education and Science has overcome the Treasury's insistence that the provision of teachers should be determined according to a pre-ordained ratio to the number of pupils. The DES is quietly delighted that the teaching force will no longer have to shed staff now the child population is falling as fast as it added them when pupils were increasing.

The other 1,500 jobs will be additional and are intended to benefit "disadvantaged" *children, although central gov*ernment cannot order local authorities how to spend their educational funds.

The White Paper also discloses a 12.4 per cent. fall in the net cost of school meals, from £453m. in 1975-76 to £397m. this year. Local authority economy campaigns have proved more effective than the DES expected.

The 25p charge for a school dinner, however, still covers only half the average cost of providing it, and the department is keen to reduce this subsidy. A further increase in the *charge this September evidently* cannot be ruled out.

Michael Dixon

AID, OVERSEAS AND EEC

The good news and the bad

THE £26M. increase in the 1978-79 foreign aid programme goes only just over half way towards restoring the £50m. cuts announced by the Chancellor in December 1976. That, from the Ministry of Overseas Development's point of view, is the bad news. The good news is the commitment that the aid programme will thereafter rise steadily by 6 per cent. a year in real terms—a figure slightly higher than the Department had originally expected.

The White Paper says that this rate of increase should mean that the aid programme will by 1980-81 be over 40 per cent. larger in volume than the estimated figure of 1977-78. "The Government therefore expect continued progress towards the United Nations' aid target of 0.7 per cent. of GNP which they have accepted in principle." No date, however, is given for reaching the target, partly, officials say, because of uncertainty over future GNP developments.

Of the Western industrialised countries, only the Netherlands, Sweden and Norway have reached the UN target. Britain, at 0.38 per cent. in 1976, is way down the international league table.

The White Paper's figures for Britain's contribution to the EEC budget are already out of date, as they take no account of decisions at the Brussels summit last month on the future size of the Regional Fund and the introduction of the European unit of account for budgetary transactions. The table published here contains the latest figures, amended in the light of the summit's decisions, released by the Government yesterday.

The new figures show that the summit's outcome should reduce the U.K.'s net contribution, compared to the White Paper estimates, in every year except 1978, when it is expected to be £20m. higher. In the subsequent years, the net contribution will be down by amounts ranging from £10m. to £30m. as a result of higher receipts from the Regional Fund, and reimbursements under the system adopted for introducing the new unit of account.

The cost of Britain's overseas representation will rise from £156m. in 1977-78 to £163m. in 1978-79 and £172m. in the following year. The coming year's increase, partly accounted for by a bigger contribution to the UN Emergency Force in the Middle East, is in spite of reductions in the amount the Property Services Agency originally wanted to spend on the upkeep of embassies and *housing. The increase partly* reflects reduced costs in 1977-78, when a moratorium on building saved £4m. The White Paper says provision for diplomatic service manpower has been reduced by about £1m. a year from 1978-79 onwards "as a result of a revision of future staff requirements." But it points out that future spending will be subject to the Government's decisions on the Think Tank's report on Britain's overseas representation.

The same goes for the overseas *information programme*, which covers the BBC's external services, the Foreign Office share of British Council expenditure, Foreign Office information staff and supporting services provided by the Central Office of Information and HMSO. The White Paper shows no increase in the programme, which will cost £72m. in 1978-79, the same as in 1977-78, falling to £71m. thereafter. The BBC external service, it points out, currently broadcasts in English and 38 other languages for over 700 hours a week.

Reginald Dale

U.K. CONTRIBUTION TO EEC BUDGET

(latest estimates)

	£m. Gross contribution	Receipts	Net contribution
1973	181	79	102
1974	181	150	31
1975	342	398	−56
1976	463	296	167
1977	750	335	415
1978	1,120	460	660
1979	1,235	470	765
1980	1,320	490	830
1981	1,280	490	790
1982	1,295	495	800

HOUSING AND CONSTRUCTION

Only slow growth ahead

EXTRA SPENDING on construction announced during 1977 in an attempt to soften the blow of the current recession means that a steady level of *direct public spending on con*struction in the next four years is planned at about £4.5bn. a year.

If construction expenditure involving other areas, such as housing associations and nationalised industries, is taken into account, then the planned level of public spending on construction rises to £6.25bn. in 1978-79 and continues at a similar level up until 1981-82.

In the housing sector, the White Paper paints a picture of slow growth from 1977-78 onwards. The figures reflect the extent to which Ministers have become alarmed at the reduc*tion in housing investment and* output but also underline their desire to see a gradual improvement in the situation, rather than a sharp upturn.

According to the White Paper, there was a shortfall in total public expenditure on housing of around 5½ per cent. in 1976-77, with expenditure on both capital programmes and subsidies below original estimates.

In 1977-78, the total expenditure figure of £4.47bn. represents another, though smaller, reduction on the original budget. This is mainly accounted for by reduced expenditure on *subsidies expected as a result* of lower interest rates, partly offset by increases in construction programmes announced during the year

The minor downward adjustment contained in the 1978-79 projected total expenditure figure of £4.7bn. is the result of similarly reduced estimates of subsidies, again offset by some increase in capital programmes announced as part of the efforts to stem the recession.

The White Paper shows that gross public sector housing investment in Great Britain by local authorities, new towns and housing associations will grow *from £2.46bn. this year (against* £2.79bn. in 1976-77) to £2.64bn. in 1978-79 and to £2.74bn. in 1979-80.

The document also spells out a 5 per cent. increase in civil engineering work during 1978-79, to include contracts for the nationalised industries. In 1979-80 a further rise of 4 per cent. is envisaged.

Michael Cassell

TRANSPORT

Underspending on the roads

THE EFFECTS of the Government's policy review on transport, combined with the impact of a moratorium on trunk road spending in the early part of last year, have caused substantial underspending in the motorway and trunk road budgets. Yesterday's White Paper refers to delays caused by unfavourable weather conditions in pushing expenditure £41m. below estimated levels in 1976-77, but in the current year a £40m. shortfall is expected for which no climatic factors are to blame. The review of all trunk road schemes must be a major cause. It has quietly been taking place since publication of the Transport White Paper last June.

There was some angry comment from the road industry last night about these figues which, some said, were evidence of incompetence by Department of Transport officials who had not kept a steady flow of projects moving through the planning pipeline.

Total resources available for trunk road building, reduced in the Transport White Paper in favour of increased spending on bus revenue support, are now expected to remain fairly constant up to the end of 1981-82.

The Government's policy on buses, as outlined last June, has been to reverse previous downward trends and keep revenue support a around £155m. a year until 1982.

The cost to the taxpayer of the recently proposed financial reconstruction of the National Freight Corporation is shown at £50m. over the next four years, but grants to British Rail will be reduced slightly during the period from £476m. to £452m.

One apparent anomaly in yesterday's figures is the freezing of spending levels on local road maintenance at £468m. to £470m., rather than making a £20m. cut (at 1976 prices). This, according to the Department of Transport, is merely due to the fact that maintenance spending has fallen without compulsion rather than to the Government having accepted the local authorities' case that cutting back on maintaining roads is foolish stewardship with valuable assets.

What is more interesting is the observation in the White Paper that current spending by the authorities this year will be below the planned level. That is a reference to the dispute between Mr. William Rodgers, the Transport Secretary, and a number of rural or "shire" county councils about the extent of their support for bus services. One county, Oxfordshire, has cut off support to its local National Bus Company operators entirely. Others, too, are unwilling simply to agree, as they see it, to operators' demands for subsidy merely because Mr. Rodgers has decided that bus service spending should go up. They regard such an approach as inefficient.

Ian Hargreaves

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A floor near the ceiling

THE new White Paper on public spending adds up the cost of the policy changes announced by the Chancellor in his numerous budget statements in the last year. In that sense it represents no further change in policy. The Government is now broadly committed to keeping the growth of public spending comfortably within the expected growth of output over the next five years. This is an acceptable profile, though there is some room for doubt about whether this good intention will in fact be achieved in the next financial year, when the two growth rates will be very much the same.

It is very much to be hoped then that the White Paper is a declaration of a settled strategy, rather than a policy liable to frequent change without notice.

Zigzag course

The result of the zigzag course which the Chancellor has steered before the storm, which now appears to have abated, is summed up in the figures for this year and next. Programmes for the current year were cut by £1.6bn. since the last White Paper was published, while those for next year have been raised by about the same amount above the figures set out a year ago. This suggests at first sight that spending was cut savagely during the crisis, and that the deferred spending will take place next year, but this is in fact wildly misleading. Much of the change is due to in-and-out running across the peculiar financial boundaries now used to define public spending

These financial distortions mar what is in many ways an improved presentation of public spending plans and upset the markets yesterday. A certain amount of guesswork is required to extract meaningful figures, especially for the coming year. Broadly, the White Paper shows a rise of £4.6bn. between this year and next, leaving out the effects of inflation — a combination of the planned increase in programmes, the fact that this year's programmes have been underspent by about three per cent., and various financial adjustments The latter account for about £1.7bn. of the rise; and the Treasury argues that programmes which are translated into cash ceilings are likely to be underspent in future years as well as this year, though by a smaller margin. Allowing the Treasury's guess of £1bn. for this margin, spending is likely to rise by a little under £2bn., or 3½-4 per cent. in real terms between this year's out-turn and next year. This is closely in line with projected national growth.

The burden on the tax payers, according to the Treasury, is likely to increase rather less than this. The reason is that what is known as the relative price effect—the difference between the rise in public sector costs and inflation in general—is still thought to be working in the taxpayer's favour, as the explosive increases in relative pay in the public sector, and in land and construction costs, continue to unwind after reaching their peak two years ago. If this hope is borne out, the rise in costs over the coming year may be less than 3 per cent.; hence the hope that the programme is compatible with a further cut in the public sector deficit as a proportion of national income—or more realistically with further tax cuts—even in the coming year.

For future years the planned growth rate falls to about 2 per cent. annually, and it is encouraging to see that a realistic and rising provision is made for contingencies—which could include policy changes and changes in relative costs.

Little headroom

Though the growth in the total burden seems supportable, its composition can still be criticised; in broad totals current spending, especially on transfers, sets the pace, while capital investment lags behind. However, the growth of transfers is partly due to the EEC, partly to the child benefit scheme, which will bring worthwhile relief to poor families, and partly to demographic forces. The capital budget totals conceal a promising improvement in quality, with a sharp cut in local authority spending, the end of Concorde, and a fairly ambitious energy programme; and there is no provision at all beyond next year for the much-debated steel industry.

In general, then, the White Paper can be welcomed as a plan to give long-term priority to the growth of the private sector; and it can still be hoped that as the economy recovers a more determined attack will be mounted on current spending.

It must be remembered, though, that the road to the present high level of spending has been paved with restrained White Papers; what will be most welcome is confirmation from the Chancellor at the next Budget that this one, unlike too many predecessors, is meant to stick. It provides an acceptable plan, but very little headroom.

The protection of Belize

BELIZE, Britain's remote colony in Central America, has bounced back into the headlines for the second time in six months. Last July when there was an imminent danger of invasion by Guatemala, the neighbouring republic which claims sovereignty over the territory, reinforcements were flown rapidly and expeditiously to the small British garrison stationed there. This week the unexpected one-day trip by Mr. Ted Rowlands, the Foreign and Commonwealth Office junior minister in charge of the problem, to see Mr. Cyrus Vance in Washington has sparked off reports that a solution to the quarrel between Britain and Guatemala is in the offing.

A large British aid package and the cession to Guatemala of a piece of Belizean territory which is potentially rich in oil have been mentioned as the main components of a deal under which Guatemala would for ever abandon its highly questionable claim to the rest of the territory. This would leave the way open for Belize to move to full independence. Hitherto this path has been blocked by the unwillingness of Belizeans to accept independence without a British defence guarantee against Guatemalan incursions and Whitehall's unwillingness to extend such a guarantee.

Opposition

The big problem of a deal with Guatemala is that it is unlikely to be acceptable to the present government in Belize — or indeed to any Belizean government in the future. Mr. George Price, the Premier, has repeatedly expressed his opposition to any cession of Belizean territory to Guatemala. He is particularly unlikely to agree to the alienation of land which could contain oil. The opposition party in Belize would take the same attitude.

The Foreign and Commonwealth Office has consistently stated that there would be no cession of territory to Guatemala without the full consent of the Government and people of Belize. So in all the circumstances it would seem that there is little likelihood of the present proposal prospering. In the end Guatemala has no alternative to quietly forgetting a claim which has little if any basis in history.

Sale of arms

Intimately linked to the Belize issue is that of the proposed sale of British arms to El Salvador whose Government has backed Guatemala against Belize and pledged its support for any Guatemalan invasion of the territory. The British Government has said that it has received assurances from the authorities in San Salvador that the arms will never be used against Belize but since those assurances were given there have been reports that the Salvadoreans have changed their minds and are reserving the right to use them in any way they choose, even against Belize.

The proposed sale of the arms has been widely criticised as unwise by MPs of all parties in view of the danger that a British garrison in Belize could one day see itself confronted by invaders equipped with British weapons. These critics have been backed by others in Parliament and in the British churches who dislike the idea of Britain helping to arm a government which has a bad record in the field of human rights. Whatever the strength of the second criticism there can be no doubt about the weight of the first. The Government should think again before shipping the weapons to one of Belize's potential enemies.

PUBLIC SPENDING WHITE PAPER

ECONOMIC ASSESSMENT

Main clues to why taxes can be cut

IN A NORMAL year the Public Expenditure White Paper should be regarded as the real Budget. The over-publicised ritual exercise of March or April merely fills in the details of a tax burden whose size has already been largely determined by public expenditure decisions previously made. It would be particularly appropriate to regard the present White Paper in this light. For at long last and after much Parliamentary and other prodding, the Treasury has taken a very tentative step towards putting expenditure and revenue together—albeit on a "funny money" basis different to that of the Financial Statement.

But unfortunately for its authors, the present White Paper was overtaken by the Chancellor's mini-Budget of October 26 when he forecast a Public Sector Borrowing Requirement of £7bn. for 1978-79 in actual money, compared with an expected £7½bn. this year and a reaffirmed IMF ceiling of £8.6bn. The new White Paper is consistent with these estimates, but does not take into account the evidence that the PSBR is again running below even the raised estimates; and that tax cuts or further public expenditure increases in the Budget may therefore be £2bn. plus, rather than the £2bn. minus which semed likely in October. This would be sufficient to cut the basic rate by 2p and raise the personal allowances by about £100 with just a little over. Indeed a 3p or even 4p relief would be possible if the Chancellor made this his prime objective, indexed the specific duties and took a stern line on further spending requests.

The White Paper does, however, provide the main clues to why it is that taxation can be cut.

The most important reason is that spending programmes for 1977-78 (excluding debt interest) are running at 4½ per cent. below what was expected in the White Paper of a year ago. Two important special factors are the shortfall in the borrowings of the nationalised industries and a switch in the financing arrangements for export credits. Apart from these items the main factor is probably the effect of the cash limit. Central government expenditure covered by cash limits is about 3½ per cent. below estimates. The White Paper remarks that some underspending is to be expected in a control system working with ceilings rather than targets, and some shortfall is taken into account in the borrowing requirement projected for the period ahead. Another factor has been the steeper than expected fall in interest rates. This not only reduces the debt interest item, but also the scale of housing subsidies.

The public expenditure shortfall is at best a once-for-all effect. The White Paper has a table showing public expenditure rising from 38 per cent. of GDP in 1971-72 to a peak of 46 per cent. in 1975-76. It fell to 44½ per cent. in 1976-1977 in spite of the stagnation of national output which provides the denominator of the ratio. It is expected to fall somewhat further and then level off at an unspecified percentage "well above what it was in the early 1970s."

National rent

Does this mean that there will be little further scope for tax cuts after 1978-79 (or 1979-1980 if the Chancellor is cautious this spring)? Or that further cuts will depend on a growth miracle? Not really—because of the windfall on the revenue side from North Sea oil, which should climb towards £4bn. in the early 1980s. Although this is really national rent and ought to be paid out to citizens in special North Sea dividends unrelated to income, politicians and their advisers persist in treating it as revenue available for normal tax reduction for which they can gain credit.

GENERAL GOVERNMENT ACCOUNT

£bn. at 1976-77 prices

	1976–77	1977–78	1978–79	1979–80
Receipts				
Taxes on income and expenditure	36.8	36.2	38.2	40.4
Capital taxes	0.9	0.8	0.7	0.7
National insurance contributions(¹)	8.8	8.4	8.0	8.3
Other receipts	3.1	3.0	3.1	3.1
Interest receipts	2.4	2.6	2.6	2.4
Total receipts	52.0	51.0	52.6	54.9
Expenditure				
Expenditure on goods and services	32.5	30.2	30.4	31.4
Grants and subsidies(²)	19.3	19.7	20.9	20.9
Contingency reserve			0.7	1.4
Shortfall			−1.0	−1.0
Interest payments	5.7	5.8	5.9	5.5
Total expenditure	57.5	55.7	56.9	58.2
Financial balance	−5.5	−4.7	−4.3	−3.3
Net lending and miscellaneous capital receipts, etc.	−1.8	−0.8	−1.1	−1.0
General government borrowing requirement	−7.3	−5.5	−5.4	−4.3

¹ Includes national health service and redundancy and maternity fund contributions.
² Includes increase in book value of stocks.

This very fact makes it all the more regrettable that revenue projections stop at 1979-80, two years before expenditure projections. Indeed, the mainstream Treasury still regards the approach through the PSBR and its financing as so much mumbo-jumbo, necessary to appease the financial markets. The main effort still goes into national income forecasting on the one hand, and public expenditure control as a self-contained operation on the other; the meagre expenditure and revenue projections for which we are expected to be so grateful are less advanced than those to which the Treasury was committed in 1969-70, and which afterwards it abandoned.

Indeed the methodology of public expenditure measurement has become more and more esoteric and changes so much from year to year that keeping up with its intricacies is a full-time job, which leaves no time for asking fundamental questions about public expenditure itself. What for instance is the justification for spending £2.8bn. (in so-called "1977 survey prices") on "trade, industry and employment" and the staggering amount of £4.7bn. on housing, when these are not basically public goods at all.

These sums could be phased out to half their planned level and the whole of the savings devoted to tax cuts specifically concentrated on lower income taxpayers, to child benefits and other cash payments to individuals. The result would not only be a more effective redistribution towards the poor than the present haphazard industrial and housing subsidies. It would be positively beneficial to employment. The present amounts would still be spent, but by individuals; and the ensuing tax and social security changes would remove the "poverty surtax" and increase the net gain from work low down in the income scale, quite apart from the effects on mobility of a freer and less subsidised housing market.

But in the rarefied world of public expenditure such large themes are a digression; and I must get back to the metaphysical question of how much public expenditure is "really" expected to increase. The presentational devices adopted are likely to lead to maximum statistical disputation to no good purpose. A simple comparison of the estimated outturn in 1977-78 with estimated total expenditure in 1978-79, shows a spending increase of 8½ per cent.

An allowance for the switch by the nationalised industries from revenue to Exchequer borrowing reduces this increase to 6½ per cent. The elimination of the effect of the BP shares sales in 1977-78 brings the percentage down further to 5½ per cent. Further allowances for export credit distortion, the prediction that public-sector costs will rise less than private sector ones (the "relative price effect") and an allowance for shortfall reduces the increase to about 3 per cent.

The White Paper takes a different route. It compares public expenditure plans in 1978-79 and later years not with the estimated outcome for 1977-1978 (as was previous practice) but with the estimates for 1977-1978 given in the corresponding White Paper of a year ago. This gives a rise of 2.7 per cent. But this will still not quite do. For in order to prevent nationalised industry borrowings from inflating public spending, the Treasury took them last year out of the public spending definition. But on the new definition, the switch of nationalised industries from overseas to Exchequer borrowing would inflate public spending; so for purpose of comparison the White Paper goes back to the old definition and includes all nationalised industry borrowing to arrive at its "official" figure of 2.2 per cent. as the increase in expenditure in 1978-79, and projects increases of around 2 per cent. in two subsequent years.

Productivity increases

These percentages probably understate the likely cost of public spending in future. From 1968-1976 the cost of a given volume of public expenditure rose on average by 1 per cent. per annum more than the general price level. This largely reflects the difficulty of securing measurable productivity increases in many public services. Nevertheless the Treasury expects a negative relative price effect of 0.9 per cent. in 1978-79 partially offset by a positive one of 0.7 per cent. in 1980.

As far as one can see, these estimates are based on optimistic beliefs about holding public sector pay back more strictly than pay in the rest of the economy. It would be safer to assume a normal relative price effect of 1 per cent. in future years, which would give an average rise of 3 per cent. per annum in the cost of public expenditure.

It would only take a few new spending decisions (such as those looming on the horizon as a result of the steel industry crisis) not being met from the contingency reserve for public expenditure to rise by the full 3½ per cent. national growth rate which is used as a working assumption.

It is worth noting, incidentally, that this growth rate is only ½ per cent. above the estimated growth of productive capacity, and provides for a reduction in unemployment of no more than 100,000 a year at most, which would still leave the total at above a million in five year's time, which is a prudent assumption.

The arbitrariness and political sensitivity of all public expenditure definitions underlines the need to switch attention to the fiscal balance instead. Questions about the treatment of the nationalised industries, the sale of BP shares, or the allocation of probable underspending become much less important if expenditure and revenue are put together and the main emphasis placed on their net effect on the balance of the budget. But if this balance is to be an effective control device, both receipts and outgoings will have to be put in actual money rather than volume terms, even if this means using an official inflation forecast together with a note about the probable effects of upward or downward deviations from the expected rate.

Samuel Brittan

INDUSTRY AID AND EMPLOYMENT

Awaiting a policy on North Sea oil

TWO KEY factors have influenced the White Paper's financial allocations over the next few years for industry. One is that the Government must continue to back its industrial strategy of directing public funds towards the modernisation of British industry. The other is that unemployment will remain at high levels for at least the next two or three years and that cash must be provided to offset the effects of this.

The Cabinet is still divided over how to use North Sea oil revenues, which are expected to amount to £3bn. a year by the mid-1980s. There is a basic argument about how this cash should be divided between, for example, using cuts in direct taxation to motivate industry to invest and modernise itself and direct expenditure through the National Enterprise Board and selective industrial aid.

Until political decisions on such matters are taken, the precise figures for the NEB and for industrial aid must remain only tentative. So in the annual projections for the period covered by the White Paper, the NEB's budget is kept more or less constant at present levels and current selective aid schemes are gradually reduced.

Nevertheless, in the shorter term, the effect of the industrial strategy emerges in the White Paper, which raises the Department of Industry's own estimated budget for the years 1978-79 and 1979-80 above the levels that were envisaged in last February's White Paper. Although these totals do not appear in a collated form in the White Paper, it can be calculated from figures which are included that the Department's budget for 1978-79 has been boosted, at 1977 survey prices, by 3½ per cent. from £1.15bn. to £1.20bn. and for 1979-80 by 13 per cent. from £1.01bn. to £1.15bn.

Selective aid

Much of these increases stem from the introduction and expansion of various selective aid schemes which have been announced during the past year. They include a £30m. product and process development scheme aimed at helping companies with design costs, a £10m. scheme to encourage investment in the instrumentation and automation industry and £5m. for the drop forging industry. There is also considerable help for the shipbuilding industry, a small allocation for small firms, and increased regional aid, all of which has already been announced.

The money allocated to the current industrial aid projects for the past year or so has not all been spent because companies did not respond quickly when the schemes were introduced. There was, however, a rush of applications from companies for grants last month when five sector schemes were about to expire, so final calculations have yet to be made on the current state of how much money is still available. The delay in industry's reaction to the schemes has meant that expenditure totalling some £100m. has been rephased between the financial years.

TRADE, INDUSTRY AND EMPLOYMENT

	1976–7 £m.	1977–8 £m.	1978–9 £m.	1979–80 £m.
Regional support and regeneration	706	564	654	645
Industrial innovation	301	254	249	238
General support for industry	428	353	589	516
Support for nationalised industries (other than transport)	140	104	96	83
International trade	804	−41	250	96
Functioning of the labour market	652	946	952	859
Health and safety at work	38	41	41	42
Regulation of domestic trade and industry and consumer protection	−5	2	1	−3
Central and miscellaneous services				
Employment	47	43	46	49
Other	68	90	66	63
Transactions in BP shares	—	−559	—	—
TOTAL	3,178	1,796	2,943	2,588

(Figures at 1977 survey prices)

In total the sectoral schemes and a separate selective investment scheme have been allocated £390m., of which £107m. had been offered to companies by the end of last October. An overall estimate in the White Paper of £166m. expenditure in 1978-79 on such schemes also includes £16m. for a Department of Energy offshore oil supplies scheme.

On top of this, the Department of Industry has its own special contingency allowance, which is put at £24m. for 1978-79, rising to about £55m. a year in the following three financial years. The main use of these funds will be for specific projects of industrial support which have yet to be finalised and announced. They include five or six sectoral industrial schemes now being planned with a total expenditure each of not more than £20m. They may include a scheme for the micro-electronics industry. Some of the money will also be spent on assistance to the shipbuilding industry and to deal with fluctuations in other projects.

In the longer term, the NEB's annual allocation of £275m., which was fixed 13 months ago for the current financial year and for 1978-79 (before that it was £225m. a year), has been extended up to 1981-82. But so far the NEB has not been spending its full allocation and its expected total expenditure for the current financial year is put at £207m. The NEB does its own accounting on a calendar year basis and during the first 11 months of 1977 spent some £198m.

Left-wing activists in the Labour Party would like it to become a much more interventionist organisation with as much as £1bn. a year to spend. But the NEB, under its chairman, Sir Leslie Murphy, is showing no signs of coveting such a role and has not put any pressure on the Government for large increases in its finances. Instead, it would rather ask for increased funds when they are needed for specific projects.

The amount allocated for regional development grants goes up from £380m. this year to 438m. in 1978-79, because of the higher demand expected for them as the economy picks up.

The rise follows the better trend of investment intentions shown recently by companies. Two big projects which should figure prominently in the total are the catalytic crackers to be built at Milford Haven, one by Gulf-Texaco costing £290m., the other by Amoco-Murco costing around £75m. Both should qualify for large regional grants.

Another £20m. has been written in because of the ending of the three-month delay on the payment of grants announced by the Chancellor on December 16.

The rapid increase in the activities of the Scottish and Welsh Development Agencies in the coming year will see their total rise from £28m. to £90m. The White Paper says that their build-up was "slower than anticipated." The Government was over-optimistic in its initial assesment of how long it would take them to build up their work.

Employment plans are based on the expectation that unemployment will stay at a high level for the next few years, with more young people and women looking for work. This is being taken into account when new schemes are designed which are mostly run by the Manpower Services Commission.

Two major employment schemes now coming into force are the Youth Opportunities scheme (YOP) and the Special Temporary Employment Programme (STEP). The youth scheme is taking over from the existing work experience programme and is budgeted at £48m. in the current financial year, rising to £113m. in 1978-79 and £158m. in 1979-80. Included here in the current year's figure is expenditure on the permanent community industry scheme for putting disadvantaged young people on socially useful projects, which is being expanded to involve 5,500 people a year during the period covered by the estimates. The aim of the youth scheme is to widen the range of opportunities for young people aged between 16 and 18 to gain what are called work experience and work preparation.

Useful work for jobless

The special temporary employment programme will replace the adult section of the existing job creation programme which provides financial support for projects sponsored by local authorities, voluntary bodies and others to provide socially useful work for the unemployed. This is budgeted at £10m. in 1978-79 and £68m. in 1979-80, but both these figures and those for the youth scheme are to be reviewed annually in the light of unemployment developments.

Money is also provided in the White Paper for the older temporary employment schemes which at present are scheduled to fade out during the next year or so. The Government is to decide soon whether to extend any or all of these schemes in their present, or a revised, form and the cost of these decisions will be taken out of the White Paper's general contingency reserve. The existing schemes include the temporary employment subsidy, for which applications close on March 31 and which is budgeted at £223m. in the current year, dropping to £132m. in 1978-79. This is the biggest item of expenditure of its sort. It subsidises employers to the tune of £20 a week for up to a year for every employee, scheduled to be made redundant, who is kept at work. Other schemes in this category include the small firms employment subsidy, budgeted at £2m. a year for the next two years, and the job release scheme which will peak at £18m. in 1977-78.

John Elliott

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POLITICAL IMPACT

If only it would last

MOST telling political pas- in the Expenditure White r comes at the end. The c expenditure plans des- d here, it says, "should it a sustained improvement andards, while allowing at same time a substantial th in personal consumption *four years of no growth."* italics are mine: the politi- mphasis will be the Con- tives".

r there, in a single phrase, *e Tory hopes of winning* ext general election. It is the collective memory— very much a Tory phrase e moment—of four years growth that the party is almost completely relying. it has to be admitted after ublications of the past two that the Tory prospects do a little better.

st there were the two rts of the Select Committee Nationalised Industries on British Steel Corporation; there was the Expenditure e Paper. The reports on play into the Tories' hands number of ways. They put Tories on the side of the ls (meaning the Press and, would have thought, the of informed opinion out- the House of Commons) on uestion of the Government he day being obliged to release documents to parliamentary committees. There is something pathetic in seeing the once-libertarian Mr. Michael Foot standing in the way of calls for parliamentary reform and more open government, as he did throughout yesterday's Question Time. Like the old Mr. Henry Brooke, Mr. Foot is becoming accident-prone.

Again, the reports increase the pressures on the Government to do something about the steel industry before rather than after the election. That in turn raises the possibility of renewed inter-government and inter-Labour Party quarrelling. Forget that the Tories' own record on steel is less than blameless; the collective memory probably does not go back so far. The Tories now ought to have the Government on the run on some of the themes dearest to Mrs. Thatcher's heart: the abuses of nationalisation, subsidies, and intervention in industry.

The Expenditure White Paper could have a similar effect of reopening old Labour Party conflicts. Leaving aside the obvious matter of the increase of defence spending which has already aroused the Left, the White Paper promises that it is now possible for the Government "to plan for resumed and continuing expansion of many programmes." But the general emphasis is on containment, and on keeping the planned growth of spending within the prospective growth rate of the national income. The Government assumes that the battle to contain the public side while increasing private consumption has already been won. Within the Labour Party, one is not so sure.

The only real sop to the Left is the increase of overseas aid, yet the aid Lobby is terribly small and is not, in fact, confined to the left wing of the Labour Party. For the rest, the keynote is one of cautious conservatism right down to the welcoming acceptance that public expenditure programmes, far from overshooting their targets, now tend to fall short. There is no Jerusalem.

All that, of course, is the political way of looking at it. There is an alternative approach which consists of looking at the publications on their merits, and from this one comes to a rather different conclusion, and perhaps even to the view that here is the beginning of economic realism. It is remarkable, after all, that a Select Committee which includes two of the most Left-Wing Labour MPs — Mr. Russell Kerr, the chairman, and Mr. Neil Kinnock — should come down in favour of the modernisation of the steel industry at appropriate (that is, efficient) manning levels, and against the preservation of existing jobs, and also against that form of juggling with figures known as "financial reconstruction." This latter kind of Government aid is actually dismissed with contempt as amounting to a "*post facto* subsidy." But will they stick to it?

As for the Expenditure White Paper, one only has to look back at the previous three over which Mr. Denis Healey has presided as Chancellor to see how far we have come, albeit by a circuitous route. The first, published in January 1975, now seems almost unbelievably irresponsible. It noted that absorption of resources in the previous year had exceeded national output by no less than 6 per cent., but then went on to boast that the Government had increased (the word used is "modified") public expenditure in accordance with its key social programmes. The inevitable resort to "massive international borrowing," it said, would simply have to be followed by finding more resources "later on."

A warning note was sounded the following year with some horrifying figures about the ratio of public expenditure to Gross Domestic Product having risen to 60 per cent.—the danger mark foreseen by Mr. Roy Jenkins. But it was only in the White Paper of January last year—after the IMF—that the full seriousness of the situation came across. "The next two or three years," it said, "must be essentially a period of adjustment in which we get the balance of payments right, as well as carry through the fight against inflation."

The latest publication is an attempt to go forward from there with the IMF measures working and the oil beginning to flow. One would believe it, if it were not for politics and the relative nearness of an election. Recent experience tends to suggest that it takes a Labour Government four years to get the economy on course; it was the same in 1966-70. Elections take it off again.

It is only fair to add, however, that just as Mr. Healey likes to talk of the "real economy," the documents published this week—for better or for worse—have probably landed us back in the world of real politics.

Malcolm Rutherford

NATIONALISED INDUSTRIES

Less need for outside cash

H THE notable exception of Steel Corporation, British , and one or two others, the ncial position of the nation- ed industries has improved easurably in the last few s. This largely reflects the sent Government's decision nd its predecessor's policy rice restraint in the national- sector and to allow a pro- ssive return to economic ing. Indeed, so sharp has n the turn-round that three hese industries—the Gas Cor- ation, the Post Office, and the ports Authority—are now ancing the whole of their ital requirements from enue and have enough left r to pay off part of their ital debt, while a fourth— Transport Docks Board—has un paying Corporation Tax well.

his has had the welcome re- t of sharply reducing the tor's net call for external ds in the form of grants, ns, and public dividend ital from the Government borrowings from the mar- at home and abroad. In the two years the net external ding requirement—which ms the basis for the annual h limits imposed upon each ionalised industry—has been uced by more than half.

ut this does not necessarily n that their borrowings m the Government will also e diminished. The sector's on Government finance is atly affected by the State porations' foreign currency rowings which vary accord- to market conditions, Gov- ment policy, and their par- ilar financing needs. Indeed the last few years the nation- ed industries' net overseas borrowings have varied erratically and, to a large extent, unpredictably from a high of more than £2bn. (at 1977 survey prices) in 1973-74 to £880m. in 1975-76 and then to more than £1.5bn. in 1976-77 and down again to an estimated £530m. in the current financial year.

The prospects for next year and afterwards are equally uncertain. The large amounts borrowed abroad in the last few years are now starting to come up for repayment, and these redemptions are allowed for in the White Paper estimates, together with an allowance for possible new foreign currency borrowings to spread out more evenly the pattern of debt repayments. In addition, a large slice of old electricity stock will have to be redeemed in 1979-80.

As a result, net borrowing from the government is expected to be significantly higher in the next few years than in the last two. But these expectations are very much subject to any forthcoming decisions about early retirement of public sector overseas debt, and also about any net additional foreign borrowings by the nationalised industries.

These uncertainties are among the reasons why it is so hard to establish the true year-to-year path of public spending as set out in these annual White Papers, a point which has been recently made by the Commons Expenditure Committee. This time, however, the authors have adjusted the overall expenditure figures so as to include the nationalised sector's overall net borrowing requirements and not just that part which is met by the government.

If the financing of the external capital requirement of the nationalised sector is subject to considerable uncertainty, so too—at least to some extent —is its overall need for capital finance. The Government expects the sector to continue to provide almost half its overall requirement from profits, depreciation, and asset sales. But, as the recent performance of the Steel Corporation has demonstrated, the rate of self-financing within each industry depends upon market demand, its pricing policies, changes of productivity and also upon the actual level of investment spending.

After falling relatively sharply in the last few years, investment by the nationalised industries is now set to start rising again, mostly in the fuel sector. The forward estimates in the White Paper, however, are very much subject to whatever decisions are taken about the investment programme in steel, hitherto one of the biggest capital spenders. In the past year, the Steel Corporation has managed to keep within its cash limit, principally by cutting back sharply stocks and other forms of working capital. But that device can only be used once. For the coming year, the working capital requirement is about to rise again and the allocation for investment has been reduced to a provisional £500m. at outturn prices, sufficient it is reckoned to meet existing commitments.

On the whole, the system of cash limits appears to have been working in the nationalised sector. It has, in effect, become the Government's principal form of financial control, for so far only slow progress has been made with resetting financial targets for periods longer than the coming 12 months. This, presumably, will be the next step in the task of restoring a proper framework of control over the sector, a matter which is to be dealt with—one hopes comprehensively—in a White Paper to be published in another couple of months.

Colin Jones

NATIONALISED INDUSTRY FINANCING

	1977-78 Est. outturn £m.	1978-79 Forecast £m.
Capital requirements		
Investment	3,853	4,009
Working capital	335	358
	4,188	4,367
Less Internal funding	2,062	2,099
External funding	2,126	2,268
Less Government grants	760	732
Net borrowing	1,366	1,536
Brit Aerospace	80	35
Brit. Shipbuilders		
Short-term borrowing	−301	−130
Leasing		
Est. shortfall	−200	−400
Adj. net long-term borrowing*	950	1,050
Overseas loans	530	−290†
U.K. loans	—	−10†
NET GOVERNMENT BORROWING	420	1,350
Loans	−111†	918
Public dividend capital	531	432

* Rounded off. † Net repayment.

LOCAL AUTHORITIES

A measure of relief for the councils

TER THE cut-backs of the t few years which brought the owth of local authority cur- ht spending to a shuddering lt and drastically curtailed eir capital programmes, coun- s can now look forward to a dest increase of both revenue d capital spending. The White per foreshadows an increase about 1 per cent. in volume current expenditure during e coming financial year, and somewhat larger increase of me 6-7 per cent. of capital ending.

Both figures mark a change of licy since last year's White aper. The increase of current ending was announced at the d of the rate support negotia- ons last November. The higher vel of capital programmes ems from the measures de- gned to assist the construction dustry which the Chancellor nounced in October and from e energy conservation easures announced in Decem- er.

The overall increase of just er 2 per cent. between 1977-1978 and 1978-79 is broadly in line with the adjusted figure set out in the White Paper for the net increase of public expenditure as a whole in the coming financial year. Whether those local councils which have been champing at the bit during the years of restraint will be appeased by this offering is another matter.

To some extent the widespread Conservative wins in recent municipal elections may help to keep spending on the leash for, as a study in the latest Review of the Centre for Environmental Studies showed, Labour-controlled authorities tend to spend more than Conservative-controlled ones. The fall of the school population, which is now starting to come through, may also be of some, albeit as yet modest help. But, as the White Paper says, there will still be little scope for improvements in the level of service provision. Continued restraint of local spending plans will still be necessary.

As the law stands, Ministers have no powers directly to control what local authorities choose to spend. Every council still has the freedom to vary its expenditure at the margin, and to call upon ratepayers to meet the amount which is not financed by Government grants. In the past few years the Government has relied partly on its powers of exhortation—both within and without the Consultative Council of Ministers and local leaders—to muster local governments' co-operation, and partly upon the improved leverage provided by the rate support grant. This last point has been accomplished by imposing cash limits on the grant and by basing it on an expenditure target, derived not by extrapolating past trends, as used to be the case but by negotiating for a figure nearer to the level Whitehall has considered acceptable.

These changes have been taken a stage further in the past year or so by re-structuring the expenditure sub-groups of local council, and Whitehall officials, which meet in the spring to autumn as part of the annual rate support grant negotiations, so as to link them with the annual PESC review which takes place at official level during the same part of the year. As yet it is not easy to judge what influence these changes have had on the preparation of the PESC forecasts. The provision for police and police support services appears to be one instance where a direct effect can be traced. The increased provision for capital spending on local transport and housing services and for current spending on local personal social services could be others.

But what local authorities are more interested in is their total share of the cake rather than a more realistic allocation between programmes. On that, however, they will have to remain disappointed. Local government can hardly expect to be excluded from the Government's aim to keep the growth of public spending within the overall economic growth rate which it is reasonable to assume.

Colin Jones

MEN AND MATTERS

Catering for financial tastes

Sir Charles Forte could soon emerge as owner of a business magazine which has just awarded Johnny Rotten and the Sex Pistols the title of "Young Businessmen of the Year." The magazine is the Investors Review, the small fortnightly City journal at present owned by a staff consortium. Sir Charles admitted to me yesterday, wearing his hat as a director of Sidgwick and Jackson, book publishers, that he "has been interested in the Investors Review."

The trouble for Sir Charles is that he seems to have some opposition. I gather there is a *counterbid from a company* called Alpane. Those who followed the Trafalgar House bid for publishers Morgan-Grampian last November will remember that Alpane is owned by Messrs. Pegg and Abramson. They have just sold their 27 per cent. stake in M-G and departed from the board, but their counterbid shows that they still want a finger in London's business publishing circles.

"We're just facing facts, even when we do plan to build more cars we build less."

True to Truman?

Controversy has been so intense about the sale of Gainsborough's portrait of Ben Truman to a United States' collection that its owner, Maxwell Joseph, has taken an unusual step. He has commissioned a contemporary artist to make a copy, to hang in the Truman Boardroom in place of the original—which has been there for 200 years.

The artist, 37-year-old Julian Barrow, was selected by the Grand Metropolitan chairman without any publicity. He has now almost completed the task, for an undisclosed fee, and is this week across the Atlantic to attend the opening of an exhibition of his work in Palm Springs. As a pupil of Anigoni, and a leading "country house" painter, Barrow is well equipped to produce an acceptable copy. The question arises as to what Joseph might do with the copy if—as looks increasingly unlikely—the Tate Gallery finds the £450,000 needed to save the painting before the April 5 deadline.

Perhaps he could offer it, as a kind of consolation prize to the intended buyer, Mellon Centre for British Art in Yale, to hang alongside the eight original Gainsboroughs it already possesses. Whichever way matters go, Joseph need not be too concerned about Barrow's fee. It has now been established that he paid Trumans £175,000 for the portrait a year after the Grand Met takeover of the company in 1971. This personal purchase turned a "lazy asset" into funds for development for the brewers, and while Joseph never intended to sell it, the portrait has proved a profitable investment for raising some of the funds he has needed to pay his tax bills.

Marlboro USSR

A Soviet factory is now turning out a Western brand of cigarette. Marlboro by Philip Morris is now racing along the Pepsi-Cola trail in true cowboy style. Under a unique arrangement made early last year, Philip Morris supplied technicians to instal machinery and produce the cigarettes from a mixture of American and Soviet tobacco; the terms include the import by PM into the United States of some Soviet tobacco.

Distribution of Marlboro to the Moscow kiosks began just before the New Year and since the Russians are quite keen on cowboys, it might seem that the "Come to Marlboro County" image would prove handy to boost sales. The technical assistance was supplied by a PM subsidiary in Switzerland, so I asked their office there how the "Wild West smoke" is doing in the east. But it seems the Russians will never see those lean and handsome Marlboro men, for a very simple reason: "There is no cigarette advertising in the USSR."

Giscard's gloom

President Giscard d'Estaing's "little blue book"—Democratie Francaise—has just come out in cheap paperback complete with a new preface. It contains this apocalyptic thought: "Under the pressure of population and the acceleration of certain sciences the history of the human species in its present form seems likely to come to a fairly early close if it does not establish a new global vision of mankind's problems, new disciplines and a new human solidarity." This appears on the morrow of the break-up of the election pact between the Government partners and while Giscard himself is in the Ivory Coast. Clearly the need for "new disciplines" and "solidarity" will be very much on his mind.

Seat for sale

Rarely does one have the chance, these days, of buying a property and acquiring a parliamentary seat to go with it. So all politicians who happen to have £200,000 on hand should hasten to Sark and look at the 52-guest Stocks Hotel. It stands in 32 acres of farmland named Clos de Dixcart, one of the 40 tenements into which the island was divided by its colonisers in 1565.

On the basis of this, the owner is entitled to a seat in the isle's parliament. As a further inducement, the hotel revels in the unforgettable telephone number of *Sark 1*.

The present owner of Stocks, John Cubbon, formerly of Jersey, is said to be asking about double the reputed £100,000 he paid two and a half years ago.

The sale of the property, being a tenement, is subject to the approval of the Seigneur, Michael Beaumont, grandson of the late Dame. On completion he will become entitled to the fuedal dues known as the *treizieme*, a 13th of the selling price, in this case around £15,000.

Expertise

The chairman of a large Birmingham company tells me that when seven of his departmental heads were invited to attend a one-day seminar on "Delegation," five of them sent their deputies.

Observer

COMPANY NEWS + COMMENT

Hickson & Welch up £2.2m. to peak £10m.

AFTER BEING ahead by £1.88m. to £4.80m. at halfway Hickson and Welch (Holdings) finished the year to September 30, 1977 with taxable profits of £10.14m. compared with £7.92m. last time.

At the interim stage the directors said that for last year there was a substantial increase in second half profit compared with the first. Trading conditions improved significantly in that period and the weakness of sterling gave an exceptional boost to profits. They added that these factors would not apply for the 1976-77 year and so they did not expect such a wide disparity between the profit figures for the two halves, although an improvement for the full year was expected.

Stated earnings are up from 88p to 115p per 50p share and the dividend is stepped up to 10.3766p (9.2904p), the maximum allowed, with a 6.7466p net final. Also proposed is a two-for-one scrip issue.

The accounts incorporate changes in accounting policies regarding the valuation of stocks and the tax charge which is now the amount expected to be payable on the profit for the year. The comparative figures have been adjusted accordingly.

The group has interests in chemicals and timber products.

	1976-77 £000	1975-76 £000
Group turnover	65,105	53,450
Operating profit	10,581	8,093
Interest payable	593	412
Inv. and other income	277	52
Assoc. companies	93	157
Profit before tax	10,135	7,919
Tax	2,801	2,252
Net profit	7,334	5,667
Minorities	4	—
Pref. dividend	6	6
Making	7,324	5,657
Exchange loss*	197	†500
Ord. dividend	669	599
To reserves	6,458	5,567

* On net assets of overseas subsidiaries. † Gain.

● comment

Hickson and Welch's 28 per cent. pre-tax profit increase was at the top end of market expectations and the share price rose 8p to 563p. Profit growth in the second half slowed to 7 per cent. (after 62 per cent. in the first six months) as exchange rates turned against the group, which generates around 60 per cent. of sales overseas. However, the comparison is with a strong second half a year ago, while the interim figures were inflated by an unusually large dividend (£250,000) from Australian associates, so comparisons are perhaps a little unfair.

The group does not provide a profit breakdown at this stage but there is thought to have been little change from a year ago when chemicals provided 74 per cent. of profits. Here the group has done well with its intermediate chemicals, particularly those supplied to detergent and agri-chemical manufacturers (herbicides, etc.). The U.S. has been a particularly buoyant market. Timber preservation also held up well for the group. However, there were signs toward the end of 1977 that volume sales were coming under pressure as sterling strengthened, particularly against the dollar, and this must cast doubts about prospects for the current year. Meanwhile, the scrip issue should improve the marketability of the shares which yield 2.8 per cent. with the dividend covered almost 11 times.

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Raybeck at £2.76m. midway

CLOTHING manufacturers and retailers, **Raybeck**, raised pre-tax profits from £2.2m. to £2.76m. for the 26 weeks to October 29, 1977, on sales of £35.19m. against £30.46m.

The directors say that trading results since October have been better than expected and full year results should be excellent. Profits for all 1976-77 came to a record £4.67m.

They add that John Stephen of London which was acquired with effect from June 25, 1977, made a small contribution to group profits in the six months and should increase its profitability in the second half.

After tax of £1.43m. (£1.15m.) first half earnings per 10p share are shown at 3.64p (2.91p). The interim dividend is lifted from 0.91p to 1.01p net, and it is intended to raise the final by the same percentage. The payment for 1976-77 was 2.1056p.

First half figures exclude an extraordinary gain of £1.46m. net from the sale of 309, Oxford Street.

Completion of the purchase for £2.65m. of Bon Marche (Wood Green) is expected shortly.

● comment

First-half profits 25 per cent. higher at **Raybeck** reflect another strong performance from the retailing interests. Bolstered by the booming tourist trade, particularly in Oxford Street, retailing now accounts for about 60 per cent. of group profits against about 50 per cent. last year. Once again the star performer has been the Lord John menswear chain and profits are now running at an annualised rate of around £2m. The tourist trade in Oxford Street over the past eight weeks or so has been below that of last year but overall volume is still better than expected. So although trading remains highly competitive on the manufacturing side Raybeck could be heading for about £6m. pre-tax for the year. That puts the shares at 71p on a p/e of 8.8 while the yield is 7.1 per cent.

Record £0.23m. profit for Bakers Stores

After raising profit before tax £23,786 to £130,389 at halfway **Bakers Household Stores (Leeds)** has ended the 53 weeks to October 1, 1977 £20,476 higher at a record £225,101.

Turnover in the period increased from £2.17m. to £2.51m., and after tax of £112,186 (£23,618) and other charges, profit emerges at £112,915 (£181,007). Last year's tax figure has been reduced by a £86,272 adjustment for deferred tax.

Earnings per share are shown down from 9.05p to 3.65p, and the final dividend is lifted from 0.4015p net per 10p share to 0.42744p, taking the total to 0.847744 (0.759p).

The company is to make a one-for-two scrip issue.

M & G Grp. second half recovery

ON TURNOVER of £3.25m. against £2.87m. pre-tax profit of **M. & G. Group (Holdings)** for the year to September 30, 1977, rose from £1.31m. to £1.54m. after a downturn at halfway from £600,467 to £430,581.

The directors say that the consolidated profit includes only such part of the surplus earned in the life and annuity funds as is available for distribution. Comparative figures have been adjusted.

Stated earnings per 5p share are up at 9.46p (8.37p) and a final dividend of 2.084p (1.847p) lifts the total to 3.459p (3.097p) net. After tax £711,272 compared with £575,360 the net profit came out at £826,723 (£730,707).

● comment

At first sight the figures from M and G Group (Holdings) for the year to end-September look none too impressive. After all, an 18 per cent. improvement in trading profits hardly reflects "a successful year for unit trusts," and a 13 per cent. gain in turnover does not even match the rate of inflation. Appearances are, however, somewhat deceptive. A change in the treatment of the surplus earned in the life and annuity funds (now included only insofar as it is available for distribution) has reduced the figures; but the contribution from M and G's own trusts (which last year chipped in just short of half the trading profits) continues to rise. The Esmee Fairbairn Charitable Foundation and Kleinwort Benson, which between them own almost 75 per cent. of the shares, get most of the benefit: with the yield at 114p (on a dividend increased by the maximum permitted) at only 4.6 per cent., outsiders would do better to go for an M and G fund.

BRITISH LAND RE-LETS

British Land, which recently announced its decision to move its headquarters to Cornwall Terrace, Regents Park, W., has now re-let its former offices.

The group acquired its former HQ, at 35, Portman Square, W., in 1973, and extensive refurbishment work created 64,000 square feet of modern, air-conditioned office space.

British Land has now signed up Marathon Petroleum U.K. to take-over its own space in the building, increasing the block's gross rent-roll to £920,000. The move and the reletting, are expected to increase British Land's income by £200,000 a year.

NO PROBE

Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the merger between **John Mowlem and Co.** and **McTay Engineering Company** to the Monopolies and Mergers Commission.

Midland Inds. 34.5% rise

AFTER RISING from £602,000 to £803,000 in the first half pre-tax profits of the engineering and iron foundry group **Midland Industries** reached £1.8m. for the year to September 30, 1977, an increase of 34.5 per cent. on the £1.34m. for 1975-76. Turnover expanded by 28.6 per cent. to £19.55m.

Mr. Eddie Marsland, the chairman, states that the iron foundry side has again provided the mainstay of the group's progress. This is due in part to the benefits of the substantial investment programme which has been going on since 1972.

The engineering division continued to show further improvement. Exports, both direct and indirect in both the iron foundry and engineering divisions represented a significant proportion of sales, he adds.

Earnings are shown to be ahead from 4.97p to 6.83p per 5p share and the dividend is raised from 0.884814p to the maximum permitted 0.988274p net with a final of 0.508274p.

Dividends for the year will be waived by the chairman, his family, and a director in respect of 4,241,612 Ordinary shares reducing the cost by £42,000 (£37,000).

	1976-77 £000	1975-76 £000
Turnover	19,551	15,205
Depreciation	411	357
Trading profit	2,078	1,538
Interest charges	257	199
Profit before tax	1,801	1,339
Taxation	917	707
Net profit	884	632
Extraord. debit	—	156
Leaving	884	476
Preference dividend	2	2
Ordinary dividend	86	63
Retained	796	401

Mr. Marsland, looking to the current year, expects further progress. The group will continue with expansion and with further investment in new buildings, plant and machinery. The order book throughout the group looks encouraging, he tells members.

The chairman, yesterday heavily criticised the Government for turning down the company's latest application for a grant of £800,000 under the foundry aid scheme. The money was needed to support a £3m. to £4m. expansion and modernisation plan at the group's Bingley foundry.

Mr. Marsland said that the expansion plan would now be funded without Government aid. He said that the application had been turned down because it would create too much excess capacity in the areas in which Midland operated and that the group was being punished for being too successful; whereas other "lame duck" operations had been granted aid.

● comment

Midland Industries has averaged 38 per cent. profit growth a year over the past four years (94 per cent. over five years) and only once during that period has growth fallen below 30 per cent. Last year pre-tax profits rose by 34½ per cent. in what was a difficult period for foundries—particularly those heavily geared to heavy engineering and the motor industry. Over the past five years the foundry division (88 per cent. of profits) has reduced its dependence on the car industry from 35 per cent. of turnover to 10 per cent.—during which time U.K. annual car output has dropped from 1.9m. vehicles to 1.3m. in 1977. The group now has a broader product mix with tractor manufacturers—which had a good 1977—taking around 40 per cent. of group castings. Midland foundries have also been increasing their involvement with the currently fast growing sector of diesel engines. Meanwhile its £2m. investment over the past two years (a further £3m. to £4m. to be spent by 1980) has increased foundry capacity by 50 per cent. The only disappointment over a continuous period of growth has been the performance of its small engineering division. The shares at 42p yield 3.6 per cent. on a p/e of 6.

TAMESIDE STOCK OVERSUBSCRIBED

The offer for sale of £7m. of 10¾ per cent. Redeemable Stock 1984-85 on behalf of the **Metropolitan Borough of Tameside** closed yesterday heavily oversubscribed.

The basis of allotment is as follows: applications for up to £5,000 have been allotted in full; applications for £6,000 to £30,000 receive £5,000, and applications for over £30,000 receive approximately 12½ per cent. of the amount applied for, with a maximum payment of £165,000.

FARMERS LOAN

The **Agricultural Mortgage Corporation** is issuing £3m. of Variable Rate Bonds dated January 7 1983 at par.

Interest will be payable half-yearly on July 13 and January 13 at the rate of 1 per cent. over Libor. The final interest payment will be made on the redemption date—January 7, 1983.

The first payment next July will be £3.7438 per cent.

Brokers to the issue are Mullens.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bakers Household	0.44	—	0.4	0.85	0.76
Bett Brothers	1.02	Mar. 13	0.9	1.7	1.52
Cap. & County Laundries	1.56	Mar. 7	1.39	1.56	1.39
Caplan Profile	3.29	—	2.79	4.79	4.29
English China Clays	1.84†	Apr. 10	1.34	3.55†	2.44
Gordon and Gotch ...int.	2.64	Mar. 3	1.19	—	2.4
Hickson and Welch	6.75	Feb. 20	5.99	10.38	9.29
Independent Newspapers	4.06	—	2.93	6.5	4.06
Jones Stroud ...int.	1.6	Apr. 7	1.6	—	4.18
M and G Group	2.08	—	1.85	3.46	3.1
Midland Inds.	0.51	Apr. 3	0.44	0.99	0.88
J. F. Nash	2.68	Mar. 2	2.64	5.18	4.64
Owen and Robinson ...int.	6	—	6	—	16
Raybeck ...int.	1.01	Mar. 3	0.91	—	3.01
Scottish & Newcastle int.	1.35‡	Apr. 12	1.2	—	3.05
Stroud Riley ...int.	0.5	Feb. 17	Nil	—	1
Symonds Eng. ...int.	0.43§	Feb. 28	0.38	—	1.2

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.04695p for 1976-77. § Increased to reduce disparity with final.

Hawkins & Tipson chief confident

MR. J. E. HAWKINS, chairman of **Hawkins and Tipson**, is confident that 1977-78 profits will equal or exceed the record £1.23m. of last year and expects further growth in the coming years.

He says the rope division still represents about 40 per cent. of group sales and production and the position here has improved. With the big rope machine fully at work directors are confident of long-term prospects.

Marlow Ropes continues to break its own records, and the new joint venture begun in Australia on September 1 last, is already profitable both locally and with exports from Britain.

The wire division has had integration difficulties and suffered from the downturn in the U.S. market, but it expects to maintain profits this year.

The domestic division has been much more profitable since the re-location of Rainbow and the growth is expected to continue.

On exports, Mr. Hawkins says exporters should be able to compete in world markets at present rates of exchange, and points out that apart from the rise against the U.S. dollar most trading currencies have remained little changed over the year.

The group's Swedish company is now doing better after experiencing difficulties, the French operations reflect local conditions and while the Trinidad company is small it is profitable.

In the year ended on August 31, 1977 the margin of profit to sales improved from 6.2 per cent. to 6.8 per cent., but the group's objective is to achieve the 10 per cent. return achieved in 1975.

Present trends indicate there are good reasons for feeling some progress toward this end will be achieved.

Larger output is being achieved from a more efficient and fuller use of capacity arising from acquisitions and from the larger fixed asset base.

Stability in production and raw material costs is becoming apparent in some divisional profit centres and the recently completed capital spending programme now allows the group to meet the needs of the business as far as can be foreseen, he says.

Accounts include a current cost statement which shows that after additional depreciation of £284,000, a £505,000 cost of sales adjustment and a £166,000 gearing adjustment pre-tax profit would have been £602,000. In 1975-76 the £844,000 profit would have been slashed to £186,000.

At balance date net assets of the group had increased from £5.53m. to £6.5m.

Ellerman Lines owns 21.23 per cent. of shares while Sun Alliance and London Insurance Group hold 7.3 per cent.

Meeting, Grosvenor House Hotel, W., on February 9 at 5.30 p.m.

J. F. Nash down by £186,000

FOLLOWING a substantial fall in trading profits at caravan distributor subsidiary Gailey, **J. F. Nash Securities** ended the year to September 30, 1977, with taxable earnings depressed by £186,000 at £717,000.

Sales were ahead from £14.87m. to £17.18m. Midway profit was marginally down at £141,000 (£148,000).

A decision by the company not to make provision for deferred tax because stock levels and capital investment programmes will continue at current or higher levels for the foreseeable future, left the tax charge lower at £197,000 (£458,000). Earnings per 25p share showed improvement to 15.54p (13.29p).

The net total dividend is lifted to a maximum permitted 5.175p (4.635p) with a final of 2.675p.

The reduced trading result at Gailey was caused by both a forced change of distribution and franchise policy, and an abnormally low level of retail sales of caravans throughout the country in the late spring and early summer, the directors say.

All other subsidiaries satisfactorily increased their profits during the year and the group surplus includes £74,000 share of the post-acquisition taxable earnings of the Reliant Motor Group.

During the year the group disposed of all its associated company and minority interests with one small exception. These disposals have enhanced liquidity and streamlined the management organisation, they say.

	1976-77 £000	1975-76 £000
Group sales	17,175	14,871
Pre-tax profit	717	903
Taxation	197	458
Net profit	520	445
Extraord. credit	†14	†98
Attributable	534	347

† Debit.

BIDS AND DEALS

Centreway offer for Blakey's

Centreway, the Birmingham holding company with interests from shoes to rubber mouldings and metal pressings, is making a bid for one of its associate companies, **Blakey's (Malleable Castings)**.

It is offering 41p a share cash which values the 67 per cent. of Blakey's which it does not already own, at £795,262. The offer compares with a market price for Blakey's shares prior to yesterday's suspension of 35p. This price itself is 35 per cent. higher than the share price last August when bid rumours first began.

Blakey's already has an extraordinary meeting called for to-day to authorise a one-for-three scrip issue. Centreway's offer is conditional upon that resolution not being passed.

Yesterday Centreway's advisers G. R. Dawes (Management Services), explained that on the current capital base the offer of 41p can be accurately compared with the current share price of 35p. If the capital is expanded by a scrip the share price adjustment might not be completely in line and this could cause confusion for shareholders.

G. R. Dawes (Management Services) is a subsidiary of merchant bankers G. R. Dawes and Company whose parent company is in voluntary liquidation. A spokesman said yesterday that the management services company will not be affected by this.

H & C RAISES CASH OFFER FOR HARCROS

Harrisons and Crosfield yesterday sent out its offer documents for both **Malayalam Plantations** and **Harcros Investment Trust**. At the same time it made success in the latter bid more likely by buying 2,040,220 shares at 82p each and raising the general cash offer to the same level. The share offer is unchanged.

The latest purchase takes H and C's stake in Harcros up to 30.4 per cent. and persons acting in concert with H and C own another 4.5 per cent.

Malayalam's chairman, Mr. F. W. Harper, points to uncertainties in the tea price, climatic conditions, labour unrest and negotiations for the "rupeeisation" of the Indian interests and so makes no profit forecast. However, details of the crop and prices received so far this year are provided together with an estimated crop for the full year. These figures show a slightly lower crop and significantly higher net sale prices so far.

In the Harcros offer document, the chairman of Harcros, Mr. G. O. Peake, writes that the cash offer of 75.5p (now raised to 82p) is 5 per cent above the going concern net asset value of the company at the valuation date. He contrasts this with the substantial discounts to their net asset values that the majority of listed investment trusts currently stand at.

SCOTT. PROVIDENT HITS OUT AT APG MERGER

Scottish Provident Institution yesterday accused the chairman of **Allied Polymer Group** of "a clear contravention of Rule 15 of the City Code on Takeovers and Mergers" and it has no intention of accepting BTR's offer for its 200,000 APG shares. However, it looks as though Scottish Provident will be forced to give way.

The point of contention is the amount of information provided by APG in connection with the agreed bid by BTR. Scottish Provident and several other institutions, now known to include M and G and Britannia Arrow, consider the information inadequate for the purpose of deciding whether the offer, which has already gone unconditional, is fair.

Mr. P. Fatharly, chairman of APG, said yesterday that he sympathised with Scottish Provident's point of view but he considered the information given had been sufficient in view of the practical difficulties of providing more.

The interim statement had been made just two months before the bid; moreover any forecast of the full year's results would have had to be audited, thus delaying the takeover. In any case it was not usual for a profit forecast to be made when bids are agreed and the Panel did not insist on them.

The managing director of BTR, Mr. O. Green was sorry that his company had inadvertently become involved in the dispute. The information given by APG had been no responsibility of his and yet if enough shareholders refused to budge then BTR would be the "innocent sufferer."

However BTR seems unlikely to have to suffer since its acceptances amounted to 88 per cent. yesterday. Furthermore Britannia Arrow has finally agreed to accept, thus bringing the figure up to 89.7 per cent. It seems odds-on that BTR will therefore obtain the 90 per cent. acceptances it needs to enforce by law the purchase of the rest.

Mr. Brian Banks of Britannia Arrow said, "I do not see the benefit of fighting a long uphill losing battle; the money invested in APG would be better employed in other situations." He said the point had been made.

LEON BERNER

Details of D. F. Bevan's offer for the shares it does not already own in **Leon Berner Group** have been sent out to shareholders. Leon Berner directors are recommending terms of the offer following the addition of share alternative based on four shares in Bevan for every three shares in Berner. The cash offer for the Ordinary shares is 17½p per share.

LESNEY SETS UP MORE OVERSEAS COMPANIES

A further expansion of overseas interests is announced by **Lesney Products**, the Matchbox toy group, with the formation of three subsidiaries, in Italy, Denmark and Singapore.

They will be part of Lesney International, set up in April last year and already controlling companies in Australia, Belgium, Canada, France, Western Germany, Japan, Hong Kong, Norway, Sweden and the U.S.

Over 80 per cent. of the group's sales are made overseas, and the three new companies will be responsible for sales in excess of £3.5m. in the first year of operation.

Lesney plans to export from the U.K. around £50m. for foreign currency in 1978.

ELECTRONIC MACHINE

Mr. T. M. Palmer, joint acting managing director of **Electronic Machine**, said yesterday that the purchase of 150,000 shares in the company by Mr. J. P. Lobbenberg had come "out of the blue." The purchase takes Mr. Lobbenberg's total holding to 225,000 shares, 9.2 per cent. of the equity.

Mr. Palmer said he did not know anything about Mr. Lobbenberg. But the deal had nothing to do with the recent resignation of Mr. N. J. T. Munro from his position as chief executive. In the first half of 1976-77, they incurred a pre-tax loss of £162,000.

DCM PURCHASE

Dunbee - Combex - Marx has agreed in principle to acquire the business of Decco, a subsidiary of Wallpaper Manufacturers (itself a subsidiary of Reed International). The consideration has not been disclosed, but will be linked to the value of the Decco assets, which are understood to be of the order of £½m.-£1m. Turnover of Decco, a wholesale distributor of Do-It-Yourself, hardware and gardening products, and which has 17 depots throughout the country, is between £8m.-£9m. per annum.

While the value of assets is not significant in relation to Dunbee-Combex-Marx, the acquisition of Decco is seen as a major move to strengthen the group's interests in D-I-Y. Further details will be released on completion of the deal.

Drake & Scull sues Tarmac but faces counter-claims

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

LEGAL ACTION is being taken by **Drake and Scull Holdings** against **Tarmac**, which in 1976 agreed to pay the group £5.3m. for its building and civil engineering subsidiary Holland, Hannen and Cubitts.

The two companies have been in dispute ever since it was revealed last September that Tarmac faced an estimated £12m. of losses arising out of work being carried out by Cubitts Nigeria. Since then, both sides have been unable to agree on whether or not the warranties in the sale agreement cover the Nigerian situation.

A working party comprising two senior executives from each group was set up to try to resolve the situation but no agreement was reached. A suggestion of independent arbitration was turned down by Tarmac.

A statement yesterday from Drake and Scull, which also announced a doubling of pre-tax profits, said that an instalment of £750,000 became due from Tarmac on the sale of HH and C but that it had refused to make the payment on the ground that it had a number of warranty claims against the company.

As a result, Drake and Scull had found it necessary to issue proceedings against the Wolverhampton-based group for payment of this further instalment.

Tarmac said last night that the company had received a writ in connection with the £750,000 outstanding and that it would be contesting the action. It would be making a counter-claim against Drake and Scull.

A company spokesman added: "Tarmac understands why Drake and Scull was taking legal action but it will make no difference to the claims currently being formulated by Tarmac involving a number of matters including Cubitts Nigeria."

He added: "Tarmac has always felt that it was in the best interests of its shareholders that a fully documented case of its claims should be prepared. This is likely to involve sums in excess of £750,000."

Drake and Scull said that final accounts now going forward for consolidation showed pre-tax profits for the year ended in October, 1977, would amount to not less than £2m. against £879,000 in the previous 12 months. Sales turnover, excluding associates, was approximately £56m. (£49.5m.). All three major subsidiaries achieved record profits, resulting in a strong liquid position. Cash balances at the year end stood at £2.3m. against £1.7m. last time.

The company reported that it is to sell for £1.15m. its 75 per cent. shareholding in Drake and Scull Africa, excluding Drake and Gorham Zambia which is being transferred to the group's U.K. ownership. The buyers are the group's two principal South African directors, who currently hold the balance of the shares. Pre-tax profits for Drake and Scull Africa, excluding the Zambia operation, were £687,000.

Mr. Michael Abbott, chairman of Drake and Scull, yesterday stressed that there had been no pressure from the British Government, which has a stake in the group, to dispose of its South African operations. "Significant political and economic factors together with the probability of more stringent Exchange Control measures in South Africa had led to a reappraisal of the group's operations there. Black Africa interests had, he said, expressed their concern about the group's involvement in the region.

● comment

Drake and Scull's preliminary results were not due until February 14; but chairman Mr. Michael Abbott felt that since the exchange of contracts had been effected on the South African divestment on Tuesday morning, and that there could be further speculation about Drake and Scull's financial position following the issuing of the writ to Tarmac, it was timely to make an announcement. Drake's cash balances have improved by over a third during the last year (to October 31) to £2.3m., representing some two-thirds of the group's market capitalisation. Liquid resources will have been increased further by £1.16m. from the sale of its 75 per cent. shareholding in Drake and Scull Africa, but Drake has jettisoned some £687,000 in profits. The immediate priority is to replace the reduction of a third in profits with acquisitions. Meanwhile, the group has not ruled out the possibility of restoring the dividend or acquitting its liability with the Department of the Environment in the near future. At 25p, the shares are at their high for the year.

Manchester Garages calls for £650,000

Manchester Garages is proposing to raise £650,000 by a two-for-three rights issue of Ordinary 10p shares. The price is 21p each while in the market the shares held steady at 34p after touching 35p.

With the rights issue MG reveals figures for the first 11 months of 1977. Sales for the period were £10.63m., compared with £9.7m. for the whole of 1976, while profits rose to £308,945 against £268,286 for the 12 months.

The company is paying a second interim dividend in lieu of a final amounting to 0.565p per share making a total of 0.99p per share for the year.

For the current year ending December 31, 1978, the Board is forecasting an increase in the dividend to 1.5p per share. As dividend restrictions under current regulations expire on July 31 an application to the Treasury is not necessary.

Giving their reasons for the issue the directors state that the expansion of turnover plus the need for further investment in the truck centre, car hire and the development of a utility vehicle in conjunction with the National Research Development Corporation has placed an increasing demand on financial resources. As at January 6 the group had outstanding borrowings of £1.137m.

Turning to the current year the chairman, Mr. R. A. Stoodley, states that he is hopeful that it will reflect a continuation of the company's growth.

Mercantile Credit and A. Ouiligotti which respectively hold 30.2 per cent. and 8.4 per cent. of Manchester's equity have indicated that they will take up their rights in full.

The balance of 1.96m. shares has been underwritten by Illingworth and Henriques, stockbrokers to the issue.

Prudential also holds close to 18 per cent. of the equity, which leaves around *half* the company's shares in the hands of around 900 small shareholders.

An EGM is called for January 27 to consider an increase in the authorised capital.

Dealings start on January 30.

● comment

Manchester Garages' rights issue looks rather demanding from a shareholder's point of view. But without it MG is unlikely to be in a position to go ahead with its hopes to acquire another Ford main dealership when one comes on the market. As a Ford dealer its own profits are reflecting that company's success in the U.K. (Ford registrations were up 5 per cent. in 1977). Also MG is seeing a build-up of profits from its new 5½-acre truck centre. This centre means a total investment of close to £1m. and is probably the main factor behind the rights issue. Admittedly, about £300,000 of this amount is covered by transferring stock, etc., from its Parrswood centre, which has been closed; and another £300,000 has come from the sale of its Wilmslow premises. Even so, MG has to find some £400,000 from its own resources at a time when stocks are increasing and it is expanding its car hire business. Debt has been held in check so far. Borrowings are only £200,000 more than a year ago, and then they only accounted for 50 per cent. of shareholders' funds. Full-year profits will probably be around £425,000 indicating a p/e (ex-rights) of 6¾ at 34p, and this year the truck site should make more of an impact. The forecast yield is 8 per cent.

Scottish and Newcastle at £22m. mid term

RE-TAX PROFITS for the 26 eks to October 30, 1977, at ttish and Newcastle Breweries w an increase from £20.49m. 22.1m. on turnover of £194.75m. pared with £171.97m.

he directors say that second-f sales have suffered from ppages and go-slows in October November. Though showing encouraging recovery there will some effect on results. Can plies have returned to normal lager sales continue to make gress.

irst-half earnings are stated at p (3.46p) per 20p share and interim dividend is lifted m 1.2p to 1.35p net. An addi-al 0.04695p will also be paid 1976-77 following the reduc-n in ACT. Last year's final idend was 1.85225p and pre-profits came to £35.11m.

	26 weeks	
	1977	1976
	£000	£000
nover	194,751	171,973
rating profit	21,389	19,445
m assoc.	1,235	1,467
ncial income	1,097	1,844
ncial expenses	1,818	2,204
fit before tax	22,103	20,492
	11,570	10,804
profit	10,533	9,688
f. dividend	265	265
ib. to Ord.	10,268	9,423
rim dividend	3,774	3,266
ving	6,494	6,157

ales of ale and lager by ume for the 26 weeks were 4 cent. down reflecting the trend the industry. For Scottish and wcastle, the shortage of cans s a major contributory factor this decrease. The wine and rit subsidiary showed an proved performance in both ne and export markets, and re was a good increase in hotel fits.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Christopher Moran, Thorn Electrical, Wearwell.

Finals—First National Finance Corporation, Grange Trust, Sidlaw Industries, Turner Manufacturing.

FUTURE DATES

Interims—

Associated Tooling Industries	Jan. 13
Austin (James) Steel	Jan. 25
G.T. Japan Investment Trust	Jan. 26
Group Investors	Jan. 18
Henderson-Kenton	Jan. 27
London and Montrose Invest. Tst.	Jan. 19
Marston Thompson and Evershed	Jan. 18
Pullman (R. and J.)	Jan. 24

Finals—

Associated Sprayers	Jan. 20
Bank Leumi (U.K.)	Jan. 17
British Enkalon	Feb. 21
Henlys	Jan. 18
Lonrho	Jan. 20
Lookers	Jan. 18

Capital & County Laundries

With turnover ahead from 94m. to £2.21m. taxable profit Capital and County Laundries mped £149,214 to a record 53,922 in the 53 weeks to Octo-r 1, 1977.

After all charges including tax £132,000 (£53,500) profit is 21,922 (£51,208).

Earnings per 10p share are ated at 10.62p (3.88p) and a st and final dividend of 1.556p t against 1.393p is proposed.

National and Commcl. on quarry failure

By Ray Perman, Scottish Correspondent

THE FAILURE of Amalgamated Quarries (Scotland), which was put into receivership in October, will not affect the profit figures of the Royal Bank of Scotland or its parent, the National and Commercial Banking Group.

Earlier this month the receiver indicated that the bank's share of the loss could be a "seven-figure sum," but answering a shareholders' question at the National and Commercial AGM in Edinburgh, Sir James Blair-Cunynghame, the chairman, said that the loss was covered by the allowance already made in the accounts against bad debts. No extraordinary provision is shown in the balance-sheet of either company.

Sir James declined to say how much the loss from the failure of Amalgamated Quarries might be. It had not yet been finally determined.

In his remarks to the meeting he said that the Government's new proposals for financing exports, which will mean that the banks will provide a greater share of total finance, would be important for business in the year to come.

The recent changes in exchange controls would also have an effect, and the greater freedom for capital transactions and the end of the 25 per cent. surrender rule, were both acknowledgments of the new strength of sterling and our obligations to the EEC.

The strength of the pound and the fall in the inflation rate and public spending provided an argument for stimulating the economy, but before taking expansionary measures Britain must be confident that the outlook for inflation was not made worse.

Caplan Profile expands

OFFICE FURNITURE and expanded polystyrene manufacturers Caplan Profile Group reports taxable profits up from £437,821 to a record £652,658 for the year ended August 31, 1977, after £302,390 against £201,611 at halfway. Turnover was ahead at £4.02m. compared with £3.1m.

After lower tax of £148,052 (£240,773) stated earnings more than doubled at 15.905p (6.568p) per 10p share and the dividend is lifted to 4.79p (4.29p) with a final of 3.29p net.

The directors say that current production and sales are running at a much higher level than the corresponding period last year, which, if maintained, should result in a record growth percentage and corresponding profitability.

All divisions, including the Canadian associate, are trading profitably and they add that while it would be "irresponsible to ignore the possible obstacles," the probability of rapid growth in real terms should become a reality within the foreseeable future.

After a provision of £27,449 for 50 per cent. of the group's Canadian associate's losses, the amount attributable came out as £477,157 (£197,048).

Gordon and Gotch climbs: expects to pass £1m.

E-TAX profit of Gordon and tch Holdings for the six months September 30, 1977 rose by per cent. from £362,000 to 08,000 despite rising costs, and s been achieved, the directors ate, because of the group's suc-ss in developing additional ton-ages for overseas markets during e period.

The stronger level of trading, a ature of the second half of the 76-77 year, continued in the cur-nt year and they confidently ex-ct the full year's profits to ex-ed £1m. for the first time. Profit r last year was down from 06,000 to £801,000.

Group turnover was ahead by 14 r cent. to £15.75m. and associate mpanies' turnover was up by 78 r cent. to £17.6m. The directors y that the figures, to some ex-nt, reflect rising prices.

The interim dividend is in-eased from 1.19193p to 2.64p net r 25p share, as forecast, and a cond dividend of the same nount is intended after July 31 78 when Treasury restrictions on vidends will cease. Last year's al was 1.21026p.

	Six months		Year
	1977	1976	1976-77
	£000	£000	£000
oup turnover	15,750	13,554	25,218
soc. cos. turnover	17,603	9,914	30,737
e-tax profit†	508	362	801
x	264	188	379
t profit	244	174	421
nority interest	5	1	2
ributable	239	173	419

† Including share of associates and de investments.

The directors say that results dicate clearly that their policy developing diversified activities thin the overall framework of e group's traditional export pub-hing and distributing business ve proved most successful.

Almost three-quarters of the mpany's final net profit derives om five major diversifications, mprising the computer bureau, operty rentals, Hachette Gotch, ercury Airfreight and the trade vestments in publicly quoted mpanies.

It is these also which show the eatest prospects of growth for e future benefit of shareholders, the directors say, and income from quoted investments and internal rentals on owned properties is sufficient by itself to cover entire dividends, they add.

Independent Newspapers tops £2m.

GROUP TURNOVER for 1977 of Dublin-based Independent Newspapers expanded from £16.49m. to £22.37m. and pre-tax profits advanced from £1.36m. to £2.09m. after £0.82m. (£0.57m.) for the first half.

The directors say the satisfactory results are due to higher revenue from advertising and newspaper sales reflecting both price increases and additional advertising volume.

The figures mean that earnings have reached the level at which the remaining 900,000 of the deferred convertible 1p shares held by Mr. A. J. F. O'Reilly, vice-chairman, are convertible into Ordinary shares.

Basic earnings are shown at 18.32p (13.15p) per 25p share and the dividend is stepped up from 4.0625p to 6.5p net with a final of 4.0625p.

	1977	1976
	£	£
Group turnover	22,370,000	16,437,000
Profit before tax	2,092,014	1,362,830
Taxation	856,067	665,638
Net profit	1,235,947	697,192
Extraordinary debits	175,000	—
To minorities	81,793	—
Attributable	979,154	697,192
Interim dividend	153,563	60,288
Final dividend	255,937	*155,835

Castlefield Rubber

Mr. Jack Addinsell the chairman of Castlefield (Klang) Rubber Estate states in the annual report that, for the current financial year directors estimate that the rubber crop will be about 4 per cent. lower than that for 1976-77 and the harvest of oil palm fruit will increase by about 8 per cent.

Rubber prices have been moving in a fairly narrow range either side of $M2 per kilo during 1977. The palm oil price, after declining from the high figures obtaining early in 1977, may not improve substantially during the next six months.

Investment income received during 1976-77 benefited from higher interest rates on deposits than those now obtainable. Results for 1977-78 may not, therefore, match last year's record figures, when pre-tax profits jumped from £403,145 to £706,957, as reported on December 9.

Gadek drop at nine months

Estimated pre-tax profit of Gadek Malaysia for the nine months to September 30, 1977, is shown as £104,000 compared with £128,600 on turnover of £456,200 against £419,700. Profit for the period to end-1976 was £207,900.

Due to severe drought conditions the rubber crop fell from 1.52m. kgs to 1.19m. kgs for the 11 months to November 30, 1977, but oil palm F.F.B. increased from 291 to 839 tonnes. The directors say this reflected the start of harvesting of the first oil palm planting at Gadek estate together with the normal increase in yield from the Kupang area in its second year of bearing.

Estimated trading profit is shown as £137,100 (£155,400) and pre-tax profit was struck after replanting expenditure £23,400 (£19,300) and depreciation £9,700 (£7,500). Net profit is given as £49,900 (£61,700) after tax £54,100 (£66,900).

English China reaches £30m.

AFTER RISING from £9.93m. to £13.06m., excluding acquisitions, in the first half, pre-tax profits of English China Clays finished the year to September 30, 1977 ahead from £24.47m. to £30.48m. on external sales of £203.74m. compared with £154.98m.

The clay division contributed £22.26m. (£16.61m.) to profits, quarries £5m. (£5.59m.), building £827,000 (£1.17m.), and transport and services £2.4m. (£1.1m.).

Earnings are shown at 9.96p (8.57p) per 25p share and the final dividend is 1.8088p net raising the total from 2.4387p to 3.5538p on capital increased by last February's one-for-six rights issue.

Depreciation is stated after crediting profit on sales of assets of £1.48m. (£41,000). The bulk of the sales was of mobile plant and the proceeds were used to purchase replacement plant.

Figures for the quarries division include the results of the Boddy Industries group, and of Norton Limeworks, both of which were acquired during the year. The vendors received the interim dividend, paid in July, in respect of the shares issued to them in part consideration, and the results of both businesses have, accordingly, been brought into group results for the year from October 1, 1976 in the case of the Boddy Industries group, and January 1, 1977 in the case of Norton Limeworks; their profits before tax for the 12 months and nine months respectively were £897,000 and £59,000.

See Lex

Stroud Riley trebled to £0.2m. so far

Pre-tax profit of furnishing and worsted fabric makers, Stroud Riley Drummond, more than trebled from £65,000 to £201,000 in the September 30, 1977 half year.

Turnover rose from £3.09m. to £3.49m., and the result is subject to tax of £76,000 (£69,000) and extraordinary debits of £15,000 (£47,000 credit). Last year's profit was reduced £5,000 by minority interests.

Interim dividend has been restored at 0.5p net per 25p share. A 1p final was paid last year, and an interim was last paid in 1974-1975. Full year profit last time was £0.33m.

First half fall at Symonds Engineering

Following a fall in profits for the 1976/77 year from £266,241 to £201,571, precision engineers, sheet metal workers and jig tool manufacturers, Symonds Engineering Company reports a drop from £104,311 to £92,278 in taxable profits for the half year to September 30, 1977.

Turnover was ahead from £804,786 to £883,927 and the directors say they are hopeful that the present state of the order books will enable the company to show a continued increase in turnover for the full year. Every effort is being made, they add, to improve profit margins, which adversely affected the six months results.

First half earnings are shown at 0.789p (0.9p) per 5p share and the interim dividend is increased, to reduce disparity, to 0.425p (0.375p) net—last year's final was 0.82985p. The directors intend to recommend payment of a maximum permitted final.

Net profit emerged as £40,778 (£46,311) after tax of £51,500 against £58,000. The company has close status.

Bett Bros. turns in £2.86m.

DUNDEE BASED building and public works contractors Bett Brothers lifted profits from £2.34m. to £2.86m. for the year to August 31, 1977, subject to tax of £1.49m. compared with £1.2m.

In June, reporting first-half profits of £1.71m. against £1.24m., the directors said that full-year profits should be in the region of £3m.

The final dividend is 1.015p per 20p share for a 1.7018p (1.5236p) total. Certain shareholders have waived final dividends totalling £47,203.

● comment

Latest results from Scottish-based housebuilder Bett Brothers are creditable when seen against industry trends. Most housebuilders have reported falls in profitability, as completion and starts have declined. Yet even during the weaker second half, Bett managed to push up pre-tax profits by 4.6 per cent. to £1.15m. against an average industry downturn of nearly a fifth in starts and 5 per cent. in completions. But Bett has suffered fairly common problems. The average price of a Bett house only rose 8.7 per cent. to £15,000 while costs rose by 12.5 per cent. But three-fifths of turnover still came from the more resiliant Scottish local authority work which probably explains the increase in margins from 11.3 to 14.7 per cent. And nearly a quarter of the latest profit improvement has been accounted for by the strong performance in property development which rose to £350,000. Bett Brothers has the strongest balance sheet among housebuilders, and therefore does not have to worry about any interest charges. Borrowings are minimal and the group has a five-year land bank. At 67p, their high for the year, the shares stand on a p/e of 3.6 and yield 3.9 per cent. The rating is only pegged by the tightness of the market. The directors hold over 50 per cent. of the equity.

Jones Stroud lift at six months

MANUFACTURERS of fabrics, accessories, and materials for the textile and electrical industries, Jones Stroud (Holdings) lifted pre-tax profits from £918,000 to £1,166,000 for the six months to September 30, 1977, on turnover of £12m. against £8.46m.

Mr. Philip Jones, the chairman, anticipates that the percentage increase in first half pre-tax profits will continue for the rest of the year. The pre-tax result for all 1976-77 was £2.13m.

First half earnings are given as 7.36p (5.18p) per 25p share. The interim dividend is held at 1.6p net. Last year's total was 4.18p paid from stated earnings of 11.22p.

	Six months		Year
	1977	1976	1976-77
	£000	£000	£000
Turnover	11,995	8,463	15,108
Profit before tax	1,166	918	2,134
Taxation	522	465	1,143
Net profit	644	453	991
To minorities	—	—	9
Extraord. credits	47	—	151
Available	691	453	1,133
Ord. dividends	139	139	363

Results of J. and J. Cash Group have been included from October 25, 1976, the date of acquisition. The minority holding in J. and J. Cash Pty. was acquired in April, 1977.

Extraordinary credits comprise: Profit on sale of shares in Fothergill and Harvey £322,000 (nil); surplus arising on consolidation of new interests £119,000 (£857,000 for all 1976-77); surplus arising on repayment of loans £19,000 (nil); less provision for revaluation of land and buildings £425,000 (nil); add pre-acquisition reserve not now required £22,000 (nil); exchange losses £10,000 (£36,000). For 1976-77 there was also a provision for losses on reorganisation and disposal of group companies of £670,000.

● comment

Jones Stroud continues to ride out the recession in the electrical and textile industries, with first-half profits some 27 per cent. higher. This figure, however, includes little inherent growth as most of the increase is accounted for by the contribution from J. and J. Cash (name tapes), which was consolidated in the second half of last year. In addition margins have been kept under pressure with factories working at only three-quarters capacity. There was some apparent increase in the electrical division (half of profits)—demand for electrical insulating materials rose towards the end of the period and this seems to be continuing in the second half. With the drop in interest rates expected to help to the tune of about £0.1m., about £2.5m. (£2.1m.) seems possible for the full year. The shares, at 88p, are on a prospective p/e of 6.6 while the yield is 8 per cent. on a maximum dividend.

MONEY MARKET

Signal on interest rates

Bank of England Minimum Lending Rate 6¾ per cent. (since January 6, 1978)

Day-to-day credit was in short pply in the London money arket again yesterday, and the uthorities took the final oppor-unity this week to give the arket a signal on interest rates. iscount houses buying rates for hree months Treasury bills ased slightly to 5 29/32-5⅞ per cent., ut still remain well above the rigger point for a further cut in ank of England Minimum Lend-ng Rate.

The authorities gave a large amount of assistance, but probably not enough to take out the full shortage. They bought a small number of Treasury bills from the houses, and lent a moderate amount for seven days at Minimum Lending Rate of 6¾ per cent. to three or four houses, as an indication that the Bank of England wishes to see no change in MLR at to-day's Treasury bill tender.

Banks brought forward surplus balances and the market was also helped by a fairly large fall in the note circulation. On the other hand there was a fairly large net take-up of Treasury bills to finance, revenue payments to the Exchequer exceeded Government disbursements, repayment was made of the funds lent to the market overnight and from last week, and there was a further slight drain caused by the call on 10½ per cent. Treasury 1999.

Discount houses paid 6¼-6½ per cent. for secured call loans throughout. In the interbank market overnight loans opened at 6½-6¾ per cent., and eased to 6¼-6½ per cent., before rising sharply to 13-15 per cent., in the afternoon, and closing at 6-7 per cent.

Rates in the table below are nominal in some cases.

Jan. 12 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	6-15	—	—	—	7	6¼-6⅛	—	—	—
2 days notice	—	—	6⅜-6⅛	—	—	6⅞	—	—	—	—
7 days or 7 days notice	—	6½-6¾	6⅜-6½	—	6½-6⅞	—	6⅜-6⅛	—	—	—
One month	6½-6⅜	6⅜-6½	6¼-6⅜	7¼-6⅝	6½-6¾	6⅞	6¼	5 13/16	6⅜	6¾
Two months	6 7/16-6 7/16	6¼-6⅜	—	6½-6	6⅜-6⅝	—	6-6⅛	5 15/16-5⅞	6 1/16	6¾
Three months	6⅛-6 1/16	6⅛-6¼	6⅛	6¾-6⅛	6¼-6½	6¾	6	5 15/16-5⅞	6	6⅝-6¾
Six months	6⅜-6 7/16	6⅜-6⅛	6⅜-6½	6¾ 5⅞	6½-6¾	—	—	—	6	6¾
Nine months	6⅝-6½	6 11/16-6⅞	—	7-6½	6⅞	—	—	—	—	—
One year	6 11/16-6 11/16	6⅞-7 1/16	6⅞-7	7-6½	7⅛	—	—	—	—	—
Two years	—	—	7⅞-8	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 9 per cent.; four years 9¾-10 per cent.; five years 10¼-10½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 6-6 1/32 per cent.; four-month trade bills 6¾ per cent.

Approximate selling rate for one-month Treasury bills 5¾ per cent.; two-month 5 25/32-5 13/16 per cent.; and three-month 5 25/32-5 13/16 per cent. Approximate selling rate for one-month bank bills 6¼ per cent.; two-month 6 1/16 per cent.; and three-month 5 15/16 per cent. One-month trade bill 6¾ per cent.; two-month 6¾ per cent.; and also three-month 6¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 6¾ per cent. from January 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 3 per cent. Clearing Bank Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.8836 per cent.

NEW LIFE BUSINESS

Equity & Law single premiums advance

Equity and Law Life Assurance Society reports new annual premiums for 1977 virtually unchanged at £14.2m. (£14.1m.) but single premium business advanced by one-third to £15.1m. from £11m. in 1976. But the pattern of new business has altered significantly for the company.

New annual premiums on individual life business have fallen to £8.9m. from £9.2m. reflecting the swing away from whole-life non-profit business as a result of the change in commissions to a premium related basis. Although the company is not a member of the Life Offices' Association, it changed to a premium-related system, albeit at a higher rate, in October, 1976, at the same time as other LOA life companies. This meant a big reduction in the amount of commission paid on whole life policies and business has fallen off in consequence by about one-quarter last year. It is being replaced by with profit endowment assurance and term assurance.

Individual annuity business annual premiums rose by one-half deflecting the buoyant market in self-employed and executive pension contracts. Annual premiums from group pensions business in 1977 almost doubled, in marked contrast to the general pattern which was static, but from a low base in 1976. They amounted to £1m. from £0.5m.

The buoyancy of single premium business came in the first place from the company's unit-linked venture launched last year. This took in £2.6m. of single premium business. Single premiums on both group pensions and individual pension were also buoyant. New life single premiums rose to £6.1m. from £4m. and on individual annuities to £7.6m. from £6m. Group life pensions wrote £1.3m. of business against £1.1m.

Overall new sums assured were down substantially to £778m. from £892m. reflecting the swing away from whole-life non-profit business.

IMPERIAL LIFE ASSURANCE COMPANY OF CANADA—New annual premiums in respect of life, health, unit-linked and group business issued in Great Britain during 1977 represented record with total of £3,574,894. In addition, single premiums in respect of Unit-Linked plans, together with new single premium life annuities amounted to £242,455. An overall gain in premium income of 20 per cent.

NATIONAL EMPLOYERS LIFE GROUP—New annual premiums in respect of life, health, pensions, and unit linked business rose to £8.2m. net of reassurance (£5.9m.) and single premiums from life and pensions business increased to £1.8m. (£0.78m.). In addition, group received considerations for immediate annuities totalling £1.7m. Company also consolidated its position as the largest underwriter of new group permanent health insurance business in the U.K. market with an increase in new premiums in respect of these schemes of 38 per cent. (20 per cent.).

MINING NEWS

Uranium contract may gross RTZ $2bn.

BY PAUL CHEESERIGHT

THE POSITION of Rio Tinto-Zinc of London as an international uranium producer has been substantially enhanced by an announcement yesterday from its Canadian unit, Preston Mines, of a sales contract with Ontario Hydro which is likely to be worth more than $2bn. (£1.04bn.).

The sales contract, which is subject to the approval of the Ontario Government, provides for Preston Mines to supply 72m. lbs of uranium oxide over a period lasting more than 30 years and starting in 1984.

The uranium will come from the Stanleigh property at Elliot Lake, the area in which RTZ's major Canadian company, Rio Algom, has for long been active. Stanleigh will be reactivated to meet the sales demands. It was in production between 1957 and 1960, when 2.5m. tons of ore were processed giving 4.9m. lbs of uranium oxide at an average recovered grade of 1.96 lbs per ton of ore.

Preston's agreement with Ontario Hydro makes a pair with the sales contract signed with Canada's Denison Mines, another Elliot Lake producer, just before Christmas. Denison is to provide 126m. lbs of uranium oxide between 1980 and 2011.

The pair of contracts have in common provision for pricing and development costs. The price for the uranium oxide will be determined on an annual basis taking into account costs, margins and world prices. Last month, Mr. Stephen Roman, the Denison chairman, made it clear that this would mean Ontario Hydro would always be buying at a level below the prevailing world price.

Nuclear Exchange Corporation in the U.S. has latterly been reporting a current world spot price of $43.20 per lb of uranium oxide. On the assumption that Preston receives a notional $30 a lb—and this could be a conservative estimate—the value of its new contract would be $2.16bn.

Ontario Hydro is to advance the development costs to both Denison, for the expansion of its facilities, and to Preston, for the re-activation of Stanleigh, and the funds will be re-paid as the uranium oxide is delivered.

Preston was carrying out studies on bringing Stanleigh back to production last year. Development work will start later this year and the aim is for output to start in 1984. The designed milling capacity will be 5,000 tons of ore a day or 1.825m. tons a year.

This milling rate is lower than that anticipated by Denison, which hopes to process 5m. tons of ore a year by 1985.

Although Preston's planned production at Stanleigh represents a marked extension of the RTZ group's Canadian uranium capacity, presently based on Rio Algom, the new development looks as if it will be only about one-third of the size of the group's operation at Rossing in Namibia (South West Africa).

Rossing's designed capacity production is 5,000 tonnes a year or 11.02m. lbs of uranium oxide. If Stanleigh achieves the grades of its earlier production period, its output could be about 3.5m. lbs a year.

RTZ shares were 180p yesterday.

ARAB MINING'S CAPITAL CALL

The 12 Arab Governments backing the multinational Arab Mining Company have been asked to pay up another 10 per cent. of the company's authorised capital of $400m. (£208.6m.) within the next two months, reports Rami G. Khouri from Amman.

The money will be used for four new investments which follow earlier decisions to invest in a Moroccan lead foundry and the Dead Sea potash extraction project in Jordan.

Mr. Thabet Taher, Arab Mining's general manager, said the new investments were:

- A 25 per cent. stake in a new Moroccan copper mining project;
- A 5 per cent. share in the $100m. Jordanian phosphate fertiliser plant under construction at Aqaba;
- A 25 per cent. interest in a new North Yemeni company, in which the local Government will hold 51 per cent., to exploit mineral rocks like gypsum and feldspar;
- Co-operation with the Somali Government in a new company to exploit mineral deposits the nature of which the Somalis have so far refused to disclose.

Jwaneng mine may earn more than Orapa

WHILE De Beers is maintaining silence on the Jwaneng diamond development in southern Botswana, details continue to filter through from the Botswana capital of Gaborone, reports our Johannesburg correspondent. Jwaneng is predicted, when it becomes operational in 1982, to earn more than the current revenue from the big Orapa mine.

Botswana Government sources indicated yesterday that diamonds earned Botswana Pula 54m. (£32.4m.) in 1977 and all of this was from Orapa, making the mine the territory's biggest foreign exchange earner.

The Goverment has also indicated that De Beers has been extremely generous in the fiscal arrangements for Jwaneng, with 76-70 per cent. of the mine's earnings set to flow to the Government. One spokesman has opined that by not publicising this deal De Beers "is missing out on a major public relations opportunity."

It is speculated in Johannesburg that one reason may be De Beers' unwillingness to establish a precedent for the expected new Government in Namibia (South West Africa) to apply this year to the big Consolidated Diamond Mines operation.

Further evidence of Jwaneng's attractiveness is that, in an unusual move, commercial bank lending will finance much of the R50m.-plus (£30m.) project, with First National Bank of Boston acting as syndicate leader.

Port hold-ups hitting Zambia

ZAMBIA'S Minister of Public Works, Mr. Haswell Mwale, and senior transport officials left yesterday for Tanzania to attend urgent discussions on the increasing congestion at the port of Dar es Salaam, which carries potentially serious consequences for the Zambian copper industry, reports our Lusaka correspondent.

Meanwhile, the reopening of the Benguela Railway was discussed by representatives of the Zambian and Zairean Governments during their two-day meeting in Lusaka. The 1,200-mile line, closed since August 1975 as a result of the Angolan civil war, links Zambia and Zaire with Africa's west coast port of Lobito.

A communique yesterday urged the Benguela Railway authorities to attend talks on "technical and operational problems" while "political problems are being looked into."

There is an estimated Zambian cargo backlog of 100,000 tonnes including wheat, fertiliser and coke for the Copper-belt. Shortage of coke has forced the temporary closure of the Imperial Smelting Furnace at the Broken Hill lead and zinc mine, part of Nchanga Consolidated Copper Mines.

In addition there is evidence of hold-ups in Zambian copper exports, the bulk of which are carried on the Tanzania-Zambia railway to Dar. According to a spokesman for Roan Consolidated Mines, 15,000 tonnes of RCM copper and 22,000 tonnes of NCCM copper is awaiting transport from the mines.

Zambia needs to import about 100,000 tonnes of coke a year for the Copperbelt's consumption of about 300 tonnes a day. Until the Rhodesian border closure in January 1973 this came from Wankie Colliery. Officially, supplies from that source were cut off, and Zambia now imports her coke from Germany and Italy.

HIGHER SALES AT PALABORA

One of the first of the world's copper mines that proved it was possible to operate profitably with a low ore grade—and which still manages to make money at the currently depressed metal prices which are putting a large proportion of other copper producers in the red—is the Rio Tinto-Zinc group's Palabora operation.

The big South African open-pit producer reports that last year it increased its milling to 24.86m. tonnes of ore grading a modest 0.52 per cent. copper. Copper sales totalled 104,231 tonnes compared with 96,305 tonnes in 1976. Sales of magnetite were 435,283 tonnes (591,129 tonnes), sulphuric acid 120,615 tonnes (109,093 tonnes) and vermiculite 154,380 tonnes (193,596 tonnes).

Although the mine and plant expansion was completed last year, production was less than planned owing to defects in the two new autogenous mills. Lower grade ore was mined, according to plan, last year. Magnetite sales were hit by shipping problems but were improving in the final quarter while those of vermiculite fell in line with the world recession in the building industry.

As already reported, Palabora has paid a third quarterly interim for 1977 of 7.5 cents (4.5p) following a first interim of 15 cents and a third of 7.5 cents. The year's final declaration is due next month. Palabora were 320p yesterday.

ROUND-UP

The value of Canada's mine production last year rose to a record $Can.8.8bn. (£4.2bn.) from $Can.7.96bn. in 1976. These figures, however, do not include uranium the addition of which would lift the latest total by at least a further $Can.250m., it is thought.

* * *

South Africa's Leslie Gold Mines has been classified as a State-assisted mine with effect from October 1 last. As a result the possibility of early closure has been postponed and the necessary steps are being taken to prolong the life of the mine.

* * *

Israeli exports of polished diamonds last year reached a record value of over $1bn. (£522m.) compared with just under $700m. in 1976. About 30 per cent. of the export total is value added in Israel by the polishing and marketing of rough diamonds, all of which are imported. Exports to the U.S. climbed 30 per cent. to $320.9m. while those to Hong Kong increased by 75 per cent. to $184m. Belgium took $113m., Holland $93.4m., Japan $86.6m., Switzerland $75.8m., West Germany $59m., France $38.5m. and Great Britain $36m.

MINING BRIEFS

AUSTRALIAN MINING AND SMELTING—

	[illegible] weeks ended	
	31.12.77	31.12.76
Ore treated (tonnes)	644,110	693,580
Lead (per cent.)	[illegible]	7.0
Silver (grams tonne)	[illegible]	66.5
Zinc (per cent.)	10.7	11.3
Production		
Lead concentrate (tonnes)	[illegible]	[illegible]
Contaming:		
Gross lead (tonnes)	[illegible]	[illegible]
Silver (kilograms)	[illegible]	[illegible]
Zinc concentrate (tonnes)	120,055	[illegible]
Contaming:		
Zinc (tonnes)	[illegible]	[illegible]

Mercantile Credit upsurge

INCREASED consumer business and the merger in January last year with Barclays Export and Finance Company boosted pre-tax profit of Mercantile Credit Company, a Barclays Bank subsidiary, from £6.95m. to a record £18.1m. for the year to September 30, 1977.

Operating profit of £15.9m. included the surplus for nine months from the export and finance company which for 1976 separately showed taxable earnings of £5.6m. There was also a credit this time of £2.2m. from the release of exceptional provisions made against the property portfolio in 1974 and 1975.

At year-end group net borowings were up from £311m. to £401m., customers' and other accounts stood at £332m. (£247m.) and assets out on hire or lease at £214m. (£90m.).

In his annual statement Mr. A. Victor Adey, the chairman, points out that a substantial proportion of the company's lending portfolio is now linked to finance house base rate with the result that it operates on more stable margins in that section.

The remainder of the portfolio is on fixed rates causing the company to suffer narrower margins when interest rates rise.

Against a background of low consumer expenditure nationally, the consumer finance division showed continued expansion during the year. For the industrial finance division, due to reorganisation, the growth has not been as great as the directors had hoped but they now look forward to improvement.

The motor division again produced satisfactory results and is set fair for what is hoped will be an expanding activity in the next two years, he says. Here the main change during the period was the sale of Hatton Group, British Leyland distributors.

BANK RETURN

—	Wednesday Jan. 11 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	24,955,800	— 2,151,692
Special Deposits	1,184,849,000	—
Bankers	361,501,491	+ 45,185,862
Reserves & Other Accs.	673,369,296	— 5,729,602
	2,259,324,557	+ 40,244,668
ASSETS		
Govt. Securities	1,720,161,088	+ 132,520,000
Advanced & Other Accs.	373,765,418	— 77,795,372
Premises, Equip't & other Secs.	153,364,556	— 195,759
Notes	11,843,126	— 14,056,322
Coin	190,387	— 8,679
	2,259,324,557	+ 40,244,668
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	7,675,000,000	— 325,000,000
In Circulation	7,663,156,874	— 310,964,678
In Bank's Dept	11,843,126	— 14,056,322
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	6,672,122,300	— 402,610,793
Other Securities	991,862,600	+ 77,610,793
	7,675,000,000	— 325,000,000

AMERICAN NEWS

Utd. Merchants disposals

NEW YORK, Jan. 12.

UNITED MERCHANTS and Manufacturers Inc., currently operating under Chapter 11 of the U.S. Federal Bankruptcy Act, is liquidating the assets of its Brazilian subsidiaries and intends to dispose of its units in Britain and France.

In addition, last summer it sold 7.4m. shares of an Argentine subsidiary for $1.8m., with more than half, or 3.9m. shares, being sold to directors, officers or employees of the subsidiary.

The information was disclosed in the company's annual 10-K report this week to the Securities and Exchange Commission (SEC).

The report noted that United Merchants' Brazilian textile subsidiaries incurred "significant" operating losses and that in September 1977, the subsidiaries' lending banks withdrew their credit lines. This resulted in a programme to liquidate the assets of the subsidiaries, the report said.

The net loss of the Brazilian subsidiaries in the fiscal year ended June 30 was $9.3m. compared with earnings of $1m. a year earlier, the report said. The fiscal 1977 loss included a provision for losses of $19.2m. on disposal, reduced by an anticipated net gain of $11.7m. from disposing of certain assets.

The company, the report added, estimated that net cash proceeds of $12.8m. including the $4m. advance, will be received in fiscal 1979.

The company provides a $1.4m. loss reserve for disposition of the British and French subsidiaries, the report says. In addition, in fiscal 1977 the company provided a loss reserve of $1.7m. for completing the closing of Canadian facilities. AP-DJ

$1bn. for Bank of Canada

THE BANK of Canada will announce refinancing plans to-day and dealers generally expect the Bank to disclose plans to raise $C1bn., reports Reuter from Toronto.

Included in the Government-financing package will be either three or four issues, with about $C500m. to be offered publicly and the balance to be taken down by the Bank of Canada, the dealers said.

$60m. acquisition by Pirelli

FINANCIAL TIMES REPORTER

GENERAL CABLE Corporation is to sell its electric power cable operations to Pirelli Wire and Cable Corporation, a wholly-owned New York-based subsidiary of Société Internationale Pirelli (SIP) of Switzerland for some $60m.

Mr. Robert Jensen, president and chief executive of General Cable, said that before costs associated with the sale, net operating earnings in 1977 are currently expected to be in excess of $21m., up from $16.8m. in 1976.

The company said it anticipates 1977 sales will exceed $600m., of which about $85m. was attributable to operations at the five plants which are being sold. General Cable's sales in 1976 were $349m.

Royal Bank to stay in Montreal

THE ROYAL BANK of Canada, which has $34bn. assets and is Canada's largest bank, plans to keep its head office in Montreal. "We intend that the head office remain here, in the confidence that it can continue as a fully effective functioning unit," the President, Mr. Rowland C. Frazee told the annual meeting, reports Robert Gibbens from Montreal.

Both Mr. Frazee and chairman W. Earle McLaughlin said the Bank was worried by some implications of the French Language Charter (Bill 101) for its employees and operations, and by the present climate of political uncertainty in Quebec.

R. J. Reynolds outlook

R. J. REYNOLDS Industries Inc. said it expects 1977 net earnings to range between $8.15 and $8.25 a fully diluted share, including a non-recurring gain of $1.07 a share from its nationalised petroleum operations in Kuwait, reports Reuter from Winston-Salem. In 1976, the company had earnings of $6.89 a fully diluted share.

CHEMICAL NEW YORK

	1977 $	1976 $
Fourth quarter		
Net profits	28.5m.	27.0m.
Net per share	1.82	1.86
12 months		
Net profits	105m	92.3m.
Net per share	7.03	6.30

NATIONAL DETROIT CORP.

	1977 $	1976 $
Fourth quarter		
Net profits	17.1m.	14.1m.
Net per share	1.41	1.18
Net share dil	1.28	1.06
12 months		
Net profits	56.8m.	52.2m.
Net per share	4.71	4.38
Net share dil	4.28	3.95

FIRST NATIONAL BOSTON

	1977 $	1976 $
Fourth quarter		
Net profits	14.2m.	11.3m.
Net per share	1.16	0.93
12 months		
Net profits	46.8m.	43.0m.
Net per share	3.85	3.55

J. P. MORGAN

	1977 $	1976 $
Fourth quarter		
Net profits	63.6m.	62.7m.
Net per share	1.56	1.54
12 months		
Net profits	218.3m.	202.8m.
Net per share	5.36	5.04

KAISER ALUMINIUM AND CHEMICAL

Fourth Quarter	1977 $	1976 $
Revenue	552m.	433m.
Net profits	39m.	loss 2.3m.
Net per share	1.48	

Norsk Hydro issue plans postponed

NORSK HYDRO has decided to postpone plans for a new share issue, writes Fay Gjester from Oslo. This was in view of the depressed state of the stock markets, Hydro spokesman, Jon Storaekre, told the Norwegian news agency.

● **NEWS ANALYSIS—THYSSEN FOR BUDD**

Bidding on a recovery

BY JOHN WYLES IN NEW YORK AND ADRIAN DICKS IN BONN

IN SELECTING the Budd Company as a takeover target, Thyssen AG, the major West German steelbroker, has focused on a business which has made considerable strides over the past seven years in turning round loss-making operations and developing new high added value operations.

A major supplier to the auto industry, Budd has returned record profits for the past two years on the back of a sharp recovery in U.S. demand for cars and trucks. The fact that the auto industry is expected to suffer a fall in sales in 1978, might be seen by some observers as reducing Budd's attractiveness as an investment, but some analysts are convinced that the company has in recent years established a balance between its operations which will insulate its earnings from all but a severe auto industry recession.

Since 1971 Budd's earnings per share have risen impressively from 83 cents to $4.20 in 1976 and an expanded $6.25 for 1977. A vital factor has been the elimination of losses by its railway division which manufactures stainless steel carriages and goods trucks.

In the late sixties and early seventies, Budd came close to moving out of this business but a revival of railway investment in the U.S. coupled with an expansion of business abroad has helped revitalise the railway operation. Budd belongs to Ameconsortium which is building underground railway coaches for Rio de Janeiro and Sao Paulo in Brazil, and elsewhere the company is marketing railway equipment in the Middle East.

Nevertheless, the supply of car body parts and components is the backbone of its activities and Budd numbers all of the American car manufacturers among its customers. The company has put considerable effort into developing its manufacture and design of plastics components as the car industry struggles to reduce the weight of its products and improve their fuel economy.

When Budd revealed at the end of last week that a mystery buyer was interested in acquiring the company, Wall Street arbitrageurs began to take an immediate interest and Budd's share price on the New York Stock Exchange rose from $23 to a high earlier this week of $35½. Speculators were undecided whether the Thyssen bid is a friendly offer which Budd directors will gracefully accept or whether another suitor may appear to start a bidding battle.

Thyssen's $34 a share bid is $2.3 below the company's tangible book value. Budd's total debt amounts to $211.3m. of which $80.6m. is due in five years.

The bid, if it is successful, would give the German company an entirely new field of activity in the form of motor components, despite interests that are ranging increasingly widely away from steel.

The move would also give Thyssen its first direct foothold as a manufacturer in the U.S., although it does own Greening Donald Company, of Hamilton, Ontario, which is a wire fabricator with some 500 employees and a turnover of around $C25m. a year.

The timing of the announcement that Thyssen is indeed the bidder for Budd comes only 24 hours after it had been confirmed that the German group is pulling out of Solmer, the consortium in which it has held a 5 per cent. stake with two French steel companies in the ambitious Fos project near Marseille. Thyssen's decision not to exercise its option to raise this stake to 25 per cent. symbolised clearly its feeling that it is already sufficiently heavily engaged in the troubled basic steels business without wanting to raise its investment in this area any higher.

With a turnover of DM19.8bn. in the business year ended September 30, 1977, Thyssen accounts for about 30 per cent. of the West German market for crude steel. It supplies about 10 per cent. of that used in the entire European community. In common with other large steel companies, Thyssen has seen business decline steadily during the past two years or more of crisis in the industry. Its production of crude steel was down from 12.8m. tonnes in 1975-76 to 11.7m. tonnes in 1976-77, while most other measures of its activity tell a similar tale.

Thyssen has nonetheless given the firm impression for several years of being able to ride out the current crisis better than most other German steel companies.

EUROBONDS

Eurofima price upsets market

BY MARY CAMPBELL

THE DOLLAR SECTOR of the Eurobond market tumbled yet further yesterday — dealers quoted falls of up to three-quarters of a point in individual issues. This means, they said, that in general the market is down about 1½ points so far this year.

The market reacted very adversely to the pricing of the Eurofima issue—the final terms were identical with initial indications, despite the sharp deterioration in market conditions since the issue first came on offer. Dealers expect it to start trading to-day at a steep discount.

Both tranches of the EIB issue were priced at 99½, with terms otherwise unchanged. These pricings put the yields on both tranches at slightly lower levels than comparable outstanding EIB issues. However, if allowance is made for the 1½ point selling group discount, the yields are slightly higher.

The Deutschemark sector had a good day with very active dealing. BFCE was priced at 99¾. Prices were up by as much as ½ of a point on the day on many issues, and the strength of the market was further reflected in the fact that the World Bank issue was being quoted in pre-issue date quotations at a discount of ½-¾ point from its indicated price.

Norway, Sweden and Argentina plan to float yen denominated bonds in Japan in April. The two Scandinavian countries will be raising Y25bn. each while Argentina will be raising Y15bn.

Yen bonds to be floated by foreign issuers in the first quarter of this year are expected to total Y200bn., a figure substantially higher than the Y296bn. worth of bonds floated for the whole of 1977.

Norway will offer $125m. of notes carrying an interest of 8½ per cent. and due on January 15, 1983 at a price of 99.625 in the New York market. Lead managers of the underwriting group include Salomon Brothers, Goldman Sachs, Lehman Brothers Kuhn Loeb Inc., and Merrill Lynch Pierce Fenner and Smith.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8¾pc 1989	96¼	97
AMEV 8pc 1987	94½	95
Australia 8½pc 1992	95½	96
Australian M. and S. 9½pc 1992	98	98½
Barclays Bank 8½pc 1992	95¼	95¾
Bowater 9½pc 1992	96	96½
Canad. N. Rwy. 8¾pc 1986	95	95½
Credit National 8¾pc 1986	97	97½
Denmark 8½pc 1984	96½	97
ECS 9pc 1995	98½	99
ECS 8¾pc 1997	96½	97
EIB 8¾pc 1992	96½	97¼
EMI 9½pc 1989	96	96½
Ericsson 8¾pc 1989	97	97½
Esso 8pc 1986 Nov.	99½	100
Gt. Lakes Paper 8½pc 1984	99¼	99¾
Hamersley 9½pc 1992	99½	100¼
Hydro-Quebec 9pc 1992	95½	96½
ICI 8½pc 1987	96	96½
ISE Canada 9½pc 1986	101½	102½
Macmillan Bloedel 9pc 1992	96½	97
Massey Ferguson 9½pc 1991	101½	102½
Michelin 9½pc 1988	100½	101
Midland Int. Fin. 8¾pc '92	97	97½
Nat. Coal Board 8pc 1987	93½	94½
Nat. Westminster 9pc 1986	102½	103
Newfoundland 9pc 1989	98½	99½
Norges Komm. Bk. 8½pc '92	95½	96½
Norpipe 8½pc 1989	96	96½
Norsk Hydro 8½pc 1992	95½	96½
Oslo 9pc 1988	98½	99½
Ports Autonomes 9pc 1991	98½	99
Prov. Quebec 9pc 1995	95½	96
Prov. Saskatch. 8¾pc 1986	98½	99½
Reed Intnl. 9pc 1987	94	94½
RHM 9pc 1992	94½	95
Selection Trust 8¾pc 1989	91	91½
Skand. Enskilda 9pc 1991	98½	99½
SKF 8pc 1987	93½	94
Sweden (K'dom) 8¾pc 1987	94½	95½
United Biscuits 9pc 1989	98	98½
Volvo 8pc 1987 March	93	93½
NOTES		
Australia 7½pc 1984	95	95½
Bell Canada 7½pc 1987	94	94½
Brit. Columbia Hydro 7½pc 1985	93½	94
Can. Pac. 8½pc 1984	98½	99
Dow Chemical 8pc 1986	98½	99
ECS 8½pc 1982	96½	97
ECS 8½pc 1989	95½	96½
EEC 7½pc 1982	96	96½
EEC 7½pc 1984	95	95½
Enso Gutzeit 8½pc 1984	96	96½
Gotaverken 7½pc 1982	97	97½
Kockums 8pc 1983	97	97½
Michelin 8½pc 1983	99½	100
Montreal Urban 8½pc 1981	97½	98½
New Brunswick 8pc 1984	95½	96½
New Brunswick Prov. 8½pc 1983	101½	102½
New Zealand 8½pc 1986	97	97½
Nordic Invest. Bk. 7½pc '84	94½	95½
Norsk Hydro 7½pc 1982	96½	97½
Norway 7½pc 1982	96	96½
Ontario Hydro 8pc 1987	94½	95½
Singer 8½pc 1982	99½	100
S. of Scot. Elec. 8½pc 1981	99	99½
Sweden (K'dom) 7½pc 1982	96½	97½
Swedish State Co. 7½pc 1982	95½	96½
Telmex 9½pc 1984	97½	98½
Tenneco 7½pc 1987 May	92½	93½
Volkswagen 7½pc 1987	93½	94
STERLING BONDS		
Courtaulds 9½pc 1989	96	96½
ECS 9½pc 1989	100½	101½
EIB 9½pc 1992	97½	98½
Finance for Industrie 9½pc 1987	98	98½
Fisons 10½pc 1987	98½	99½
Total Oil 9½pc 1984	93	93½
DM BONDS		
Austria 6½pc 1985	106½	107
BFCE 7pc 1987	103½	104½
Denmark 6½pc 1983	104	104½
EIB 6½pc 1984	105½	106½
Grand Met. 7pc 1984	101½	102½
Hydro-Quebec 6½pc 1987	100½	101½
ICI 6½pc 1987	105½	106½
Montreal 7pc 1987	102	102½
Norsea Gas 7pc 1989	105½	106½
Norsk Hydro 6½pc 1989	104½	105½
Norway 6½pc 1982	103½	104½
Shell 6½pc 1989	107½	108½
Spain 6½pc 1984	100½	101½
Sweden 6½pc 1984	105	105½
World Bank 6½pc 1987	103½	104
FLOATING RATE NOTES		
Bk. of Tokyo 1984 7 15/16pc	98½	99½
BFCE 1984 7pc	97½	98½
BNP 1983 6½pc	99½	99¾
CCF 1983 8pc	99½	99¾
CGMF 1984 6 13/16pc	98	98½
Creditanstalt 1984 7½pc	98½	99
Credit Lyonnais 1982 6½pc	99½	99¾
DG Bank 1982 7 13/16pc	99½	100½
GZB 1981 7½pc	100½	100¾
Intnl. Westminster 1984 7 15/16pc	99½	99¾
Lloyds 1983 7½pc	99½	100½
LTCB 1982 6½pc	99½	100
Midland 1982 8pc	101½	102
Midland 1987 7 11/16pc	98½	99½
OKB 1983 6½pc	99½	99¾
SNCF 1985 6 15/16pc	97½	98½
Stand. & Chart'd 1984 6½pc	98½	99½
Wms. and Glyns 1984 7pc	99½	99¾
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	78	80
Ashland 5pc 1988	89	91
Babcock & Wilcox 6½pc '97	96	98
Beatrice Foods 4½pc 1992	94	96
Beatrice Foods 4½pc 1992	103	105
Beecham 6½pc 1992	100½	101½
Borden 5pc 1992	99½	101½
Broadway Hale 4½pc 1987	72	74
Carnation 4pc 1987	76	78
Chevron 5pc 1988	114	116
Dart 4½pc 1987	78	80
Eastman Kodak 4½pc 1988	82	84
Economic Labs. 4½pc 1987	77	79
Firestone 5pc 1988	79	81
Ford 5pc 1988	80	82
General Electric 4½pc 1987	78½	80½
Gillette 4½pc 1987	75½	77½
Gould 5pc 1987	104	106
Gulf and Western 5pc 1988	74	76
Harris 5pc 1992	128	130
Honeywell 6pc 1986	84	86

	Bid	Offer
ICI 6½pc 1992	86½	87½
INA 6pc 1997	92½	93½
Inchcape 6½pc 1992	107	108
ITT 4½pc 1987	77½	78½
Jusco 6pc 1992	104½	105½
Komatsu 7½pc 1990	100½	101½
J. Ray McDermott 4¾pc '87	136½	138½
Matsushita 6½pc 1990	116½	117½
Mitsui 7¾pc 1990	105	106
J. P. Morgan 4¾pc 1987	94½	95½
Nabisco 5½pc 1988	97½	98½
Owens Illinois 4½pc 1987	112	114
J. C. Penney 4½pc 1987	77½	78½
Revlon 4½pc 1987	106	108
Reynolds Metals 5pc 1988	80½	82½
Sandvik 6½pc 1988	102½	104
Sperry Rand 4½pc 1987	81½	83½
Squibb 4½pc 1987	74½	75½
Texaco 4½pc 1988	75½	77½
Toshiba 6½pc 1992	96½	97½
Union Carbide 4½pc 1982	88½	90½
Warner Lambert 4½pc 1987	77½	79½
Warner Lambert 4½pc 1988	72	74
Xerox 5pc 1988	75½	77½

Source: Kidder, Peabody Securities

Sacilor sees 1977 deficit

PARIS, Jan. 12.

FRENCH STEELMAKER Societe d'Acieries et Laminoirs de Lorraine (Sacilor) said its final results for 1977 will show a large deficit. In 1976 the parent company made a net loss of Frs.722.8m. and a consolidated loss of Frs.1.48bn.

The company to-day reported net consolidated turnover for 1977 of Frs.7.95bn. against Frs.8bn. in 1976.
Reuter

Ciga hotels group broke even last year

ITALIANA GRANDI ALBERGHI (CIGA), the hotel group, broke even in the 1977 calendar year, after making a net loss of L12.5m. in 1976.

Sales rose to L41bn. from L30.1bn.

The room occupancy rate was 64 per cent. in the first ten months, against 60 per cent. in all 1976.

The financial position of CIGA, as described by the president, Francesco Cosentino, in a letter to shareholders, improved considerably last year.

Investment rose, and the group was able to rise above the occupancy break-even point, which he put at 61 per cent.

In addition, there had been a consolidation of debts and an increase in capital that greatly eased CIGA's financing costs, he said.
AP-DJ

Olivetti extends its short-term debt

By Paul Betts

ROME, Jan. 12.

OLIVETTI confirmed to-day that it had finalised what it regards as an important financial operation involving the consolidation of its indebtedness with the Italian banking system by transferring some L90bn. (about [illegible]) of short term debts into medium-term ones.

The operation—supported by 26 Italian credit institutions among them Banca Commerciale Italiana, Banca Nazionale del Lavoro, Credito Italiano and Istituto Bancario San Paolo—sees the conversion of L90bn. Short term credit granted to the electronics and engineering group for exports into a medium term line of credit.

Olivetti will now be able to draw from this new credit line funds required for specific export operations. Interest rates will be negotiated separately for each individual drawing.

The agreement between Olivetti and the banks has been welcomed here as an indication of the Italian banking system's willingness to support and enhance the status and credibility of Italian industrial groups. In recent months, the banking system has repeatedly been pressed to intervene to help a number of companies requiring urgent injections of fresh capital.

For its part, following the removal of the so-called Italian risk, Olivetti has been active over the last 12 months on the International market, raising a total of more than U.S.$110m.

In the first eight months of last year, Olivetti's turnover increased by 23.8 per cent. to L746bn., while orders rose by nearly 25 per cent. over the same period the previous year, the company said to-day.

However, in view of the company's financial requirements for its restructuring programme and its limited liquidity, there still appears to be a need for an adjustment of Olivetti's capital.

● Sig. Alberto Grandi, the former executive vice-chairman of Montedison, has been appointed vice chairman and managing director of one of Italy's leading private financial companies, the Milan-based Bastogi.

Sig. Grandi resigned from the giant chemicals conglomerate at the end of last year, mainly as a result of what are understood to have been increasing disagreements with the Montedison chairman, the former Christian Democrat Senator Sig. Giuseppe Medici. Sig. Medici was controversially appointed chairman of Montedison last year following the resignation of Sig. Eugenio Cefis.

[illegible]

NTERNATIONAL FINANCIAL AND COMPANY NEWS

Mitsubishi to expand in Australia

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

TSUBISHI MOTORS, Japan's rth largest car manufacturer, considering plans to take a ital stake in Chrysler stralia as part of a wide- ging effort to expand its over- s sales.

isclosing the talks with ysler, Mr. Tomio Kubo, sident of Mitsubishi, said in yo yesterday that Mitsubishi studying the plan for partici- on in Australia because more n half of the vehicles manu- ured in the Chrysler plant re were to Mitsubishi designs.

inks between the two com- ies already exist through a 15 cent. stake held by Chrysler poration of the U.S. in subishi Motors, a subsidiary Mitsubishi Heavy Industries.

his stake, taken in 1971, has e led to marketing agree- ts between the two organisa- s. Chrysler sells a large nber of Mitsubishi cars in the and some other parts of the ld, while Mitsubishi is beginning to sell Chrysler vehicles in Japan.

Mitsubishi's move in Australia is one part of the company's ambitious plans to develop its overseas business. Chrysler Australia, 90 per cent-owned by Chrysler Corporation, manufactures 46,000 vehicles a year, including about 27,000 Mitsubishi cars at present.

The Australian market has in recent years been moving rapidly towards the medium-size four-cylinder engined type of car in which the Japanese manufacturers specialise creating opportunities for companies like Mitsubishi.

But to increase its share in this sector, in a market which is already buying a large number of Toyota and Datsun vehicles, Mitsubishi needs to have a local manufacturing facility. Australia has now moved to a position of strong protection for its car industry, and is demanding that domestically assembled cars must have an 85 per cent. local content by 1980.

Mr. Kubo said yesterday that the company is also aiming to tighten its relations with Chrysler in the U.S. in order to increase sales of Mitsubishi cars, which go through the American group's dealer network. The aim is a 70 per cent. lift in exports to the U.S. to 180,000 units over the next three years.

In addition, Mitsubishi plans to strengthen its production facilities in the Philippines, Indonesia and Malaysia, and is gradually increasing its sales in Western Europe.

These plans have been undertaken partly, Mitsubishi said, because of the sluggish Japanese car market. But they are also a sign that the company is determined to grow fast in international markets over the next few years as its production capacity expands.

It is intending to increase its motor vehicle output this year by 5.9 per cent. to 820,000 units (including trucks) from 774,000 in 1977, when it achieved a 19.4 per cent. increase. But in the longer term, it is expected to reach a car production level of about 800,000 units by 1980.

Exports are also expected to increase by 7.8 per cent. to 360,000 units in 1978. They rose 23.3 per cent. to 344,000 units last year.

Although there have been questions asked in Japan as to how long the Chrysler and Mitsubishi links will be maintained, the talks about a new deal in Australia are an indication that the two companies are still working harmoniously together.

Mr. Kubo also said that Mitsubishi was intending to sell Chrysler cars in Japan if the U.S. company could pass the stringent local emission standards, and produce suitable cars which did not compete with its own models.

Chrysler sold about 1,000 units in Japan in 1976 and 1977, and intends to sell 2,000 this year.

Good year for South African unit trusts

By Richard Rolfe

JOHANNESBURG, Jan. 12.

THE SOUTH African unit trust movement produced its best performance for a long time in 1977. According to figures released to-day the market value of the 11 trusts in the Republic rose from R282m. to R320m. over the year. This 13.7 per cent. improvement was below the 15.4 per cent. rise in the Rand Daily Mail Industrial share index, which appreciated from 184.3 to 212.8.

Against that, the unit trusts had an outflow of R7.2m. for the year, with sales of R21.8m. and repurchases amounting to R29m. Local managers do not regard the outflow as particularly serious in view of the squeeze on incomes in the country

At the year end, the funds were more or less fully invested, with cash holdings amounting to R31.5m., near the statutory requirement. Gold shares accounted for 5 per cent. of total assets, mining financials 12.6 per cent. and other mining—mainly base metals—15 per cent. Overseas investments accounted for 1.6 per cent. with industrials filling the remainder of the portfolios.

Interest from the small investor, however, remains at a low ebb, with insurance and linked policies making up the bulk of the inflow of new funds. The main grounds for optimism in the movement at present are that 1978 is expected to be a better year in the markets and that overseas experience, particularly in the U.S., suggest reviving public interest.

NIGERIAN BORROWING

First step of $1bn.

BY JAMES BUXTON AND FRANCIS GHILES

THE BIGGEST-EVER medium term loan for an African borrower is to be signed on Monday. Nigeria, with 80m. people by far the most populous country in the continent, is raising $1bn. for seven years on a spread of one per cent. over the inter-bank rate.

Some 71 banks are participating in the loan which is co-led by Chase Manhattan Ltd., Morgan Guaranty Trust and Compagnie Financiere de la Deutsche Bank. The commitment fee stands at ½ per cent., as does the management fee. Both are average in this market.

Nigeria, the world's eighth biggest oil producer, is raising the loan to finance its large-scale development plans. It is part of a plan by which Nigeria proposes to raise a total of $5.5bn. abroad over the next three years from banks, supplier credits, the Euromarket and multilateral organisations.

The geographical spread of the banks in the management group points to the strong presence of Japanese, U.S., Arab and West German banks. This is only the second time that Nigeria has had recourse to the market. The first loan—$20m. raised in 1974 for Eko Hotels of Lagos—was a very small operation.

English law will govern the current loan, but jurisdiction will be vested in the courts of England, New York and Nigeria.

Sovereign immunity is the legal doctrine which gives foreign governments absolute immunity from litigation. The U.S. Foreign Sovereign Immunities Act, which became effective just under a year ago states that foreign governments and their agencies do not have immunity when the dispute relates to commercial rather than governmental issues.

In the U.K. a Bill designed to have a broadly similar effect is at present before Parliament.

Last year the Court of Appeal rejected a claim of sovereign immunity by the Central Bank of Nigeria in an action brought by the Trendtex Trading Corporation, which arose out of the Bank's suspension of payments totalling $14m. under letters of credit for cement imports in 1975. The Central Bank of Nigeria has appealed to the House of Lords and judgment is expected soon. Both the Lords decision and the passage of the Bill through Parliament could affect English financial institutions in their dealings with foreign governments.

Nigeria's $1bn. loan on the medium term Eurocurrency market—due to be signed on Monday—is the largest ever raised by an African borrower. The loan, at a spread of 1 per cent. over the inter-bank rate, will be used to finance this major oil producer's large scale development plans, and is part of a proposed $5bn. overseas borrowing programme to help finance capital spending.

This loan has taken nearly five months to conclude from the time the mandate was awarded. Such a delay is not unusual, particularly for what is effectively a first time borrower.

Nigeria is turning to external sources in order to finance specific projects in its development plan, which aims at a public sector spending total of N26.5bn. ($41.34bn.) over a five-year period ending in 1980. Rapidly rising recurrent expenditure has reduced the surplus available for development spending, and the government's income from oil is lower than original estimates, which were based on a production level of 3m. barrels per day compared with the actual rate of about 2m. b/d.

The Government estimates that it can meet N12.5bn. of its capital spending requirement out of revenue, leaving a balance of N14bn. Of this, it hopes to raise N10.5bn. by domestic borrowing and the remaining N3.5bn. ($5.5bn) overseas. The $1bn. syndicated bank loan is the first of a series of such loans which the Government hopes to raise over the coming year and which may bring the total to as much as $2bn. It also expects to raise $1.5bn. by means of supplier credits, $1bn. from the World Bank and its affiliates and $1bn. in project-related market loans.

The Nigerian Government expects to devote the $1bn. loan to basic economic installations and foreign exchange earning-or-saving projects whose total value is about $2bn.

Nigeria expects a budget deficit of about N3bn. this year, after recurrent expenditure of N4.9bn. and development spending of N5.8bn. About 80 per cent. of the N7.7bn. revenue is expected to come from oil. The State registered a balance of payments deficit of $386m. in 1976 and of $418m. in the first half of last year. Reserves, which stood at $5.8bn. in December 1975, were $4.6bn in August 1977. New incentives for oil exploration are expected to raise productive capacity by the end of the decade. Proven reserves are put at almost 20bn. barrels, equivalent to 25 years' production at current levels. There are also very large gas reserves.

ris control hanges hands

y H. F. Lee

SINGAPORE, Jan. 12.

RAITS STEAMSHIP Company, ubsidiary of Ocean Transport l Trading of the U.K., has sold per cent. of the equity of its olly-owned subsidiary, Syarikat kapalan Kris Sdn. Bhd. ris), to a Malaysian, Dato Syed har Shahabuddin.

traits, however, did not dis- se the price or terms of the al, which was part of a joint ture agreement with Dato ahabuddin.

s a result of the deal, Dato ahabuddin has been appointed chairman of Kris. Kris was up in Malaysia in 1960

OCE-Crosby 16% increase

BY JAMES FORTH

SYDNEY, Jan. 12.

OCE-CROSBY, the reprographics, merchandising and transport group, boosted profit 16 per cent. from $A727,960 to $A847,762 in the year to November 30. For the third successive year the dividend has been raised, on this occasion from 5.25 cents a share to 6 cents. The latest result equals earnings of 9.86 cents a share, compared with 8.58 cents in 1975-76.

The directors said they were confident that the expected improvement in the Australian economy would allow OCE-Crosby to continue its growth pattern during 1978.

The group traded at a satisfactory level during the second half, despite disruptions caused by major strikes in Victoria and Western Australia, the fierce competition encountered in all markets and the continued slack demand experienced by many industries serviced by the group.

The tiles division continued as a market leader despite a recession in the building industry and severe competition, which was often "desperate and unprincipled," said the directors.

The group's transport division made sure and steady progress in Melbourne, its major base.

The reprographics division recorded a substantial increase in turnover during the final months of the year, which suggested both an increasing market share in the sales of its sensitised papers and similar products, and an indication of a general upturn in planned capital investment projects.

OCE-Crosby is 58 per cent. owned by the Dutch group OCE-van der Grinten. The Dutch parent also controls 55 per cent. of a local rival, Ozapaper, following its takeover in 1977 of the U.K. group Ozalid.

OLVO CAR BV

The formula that failed to travel

BY CHARLES BATCHELOR IN AMSTERDAM

OLVO has run into serious oblems in trying to export its edish formula to Holland. The nouncement of a rescue pack- e of nearly Fls.200m. (around 5m.) for Volvo Car BV. is a d comment on its hopes of rning the former DAF Car mpany into an efficient pro- cer of middle-range Volvo dels.

Losses in the past three years, ce Volvo acquired a majority ke in the company, are at ast Fls.196m. although the final lculations for 1977 have not en done. Losses over the next ree years are expected to reach s.237m. Losses on the produc- n side have been even greater an these figures suggest, since tch sales of the larger models made in Sweden have been profitable.

Volvo Car does not expect to break even until 1981.

What went wrong? The main problem was the choice of a suitable car to follow the ageing DAF models. Volvo selected the 343, a 1.4 litre three-door car with automatic transmission. It was meant to replace the DAF 46, which was retired in 1976, and the DAF 66, now renamed the Volvo 66, which is being phased out.

Overpriced

The 343 proved overpriced and underpowered and could not find its market. Delays in the delivery of components meant that the first models produced came from the production line uncompleted, and fitting the missing parts later did not improve the quality of finish.

Volvo Car is holding the price steady at around Fls.18,000 including tax while competitors' prices are rising, and there are plans for a more powerful, five-door version with an optional manual gearbox. But it clearly sees a limited potential for the car and is already working on a replacement. The poor level of sales meant that Volvo Car has not been able to reach its break-even production level of 100,000 cars a year—sales in 1977 were under 70,000.

The Dutch government has now come up with an extensive rescue plan for Volvo Car, having already made several sizeable loans, including Fls.100m. last August. The Nationale Investeringsbank (NIB), effectively the State itself, will provide Fls. 80.3m. to expand the company's capital to Fls.301m.

This will give the NIB an interest of just over 26 per cent. in Volvo Car and leave Volvo with 55 per cent. compared with 75 per cent. before. The State-owned chemical company, DSM, will also control another 18 per cent. plus. The plan is for the NIB to withdraw when Volvo Car makes profits again and for Volvo to revert to 75 per cent. and DSM to the 25 per cent. it held before the capital reorganisation.

The State will also lend Volvo Car Fls.98.3m. interest-free, and there are arrangements to increase this by up to Fls.13m. If 1977 losses exceed Fls.119.5m., Volvo in Stockholm will stump up a further Fls.102.5m. to cover expected losses.

The details of the rescue plan for Volvo Car coincide quite closely with figures released in October by Holland's Metalworkers' Union. The Industriebond NVV then claimed that Holland was being blackmailed by Volvo into providing Fls.250m. of aid. Volvo had said that only if the money was forthcoming would it guarantee the future of its Dutch subsidiary for another three years, the union claimed. Volvo was offended at the suggestion of blackmail, although the negotiations were clearly going along the lines indicated by the unions.

Weak position

In fact, the Dutch position was not strong in any negotiations with Volvo. Volvo Car's factory at Born in South Eastern Holland employs 3,930 workers in an area of high unemployment. The Government had pledged to provide alternative jobs when it closed the area's coal-mines and Volvo Car is an important employer.

The retraining of mineworkers has been a problem for the company and this has contributed to a high level of absenteeism at the factory. Volvo Car's total workforce is 5,970, of which 770 work over the border at St. Truiden in Belgium making automatic transmissions.

Despite the substantial injection of funds, Volvo remains in ultimate control of the business. The state will appoint one member of Volvo Car's seven man Supervisory Board: but he will take a seat previously held by DSM and Volvo will retain four men on the Board.

The government is clearly conscious that it must at least appear to strengthen its hold on Volvo Car. Economics Minister Gijs van Aardenne said in a note to Parliament that major decisions over lay-offs or mergers must now be approved by six of the Supervisory Board members. In fact, this requirement was already laid down in the original statutes of Volvo Car.

A State watchdog will be appointed in the person of Mr. Joseph Molkenboer, the Director General of Industry at the Economics Ministry, while Dutch accountants will have access to Volvo's books.

Firm hands

Volvo has agreed to deliver components to Holland at cost price and has promised not to produce a model comparable to the 343 outside Holland. But the day-to-day running of the factory will be more firmly in Swedish hands with the appointment of Mr. Helga Castell, at present purchasing director of Volvo's car division at Gothenburg, as managing director. The present managing director, a Dutchman, Mr. Aart van de Padt, will become his deputy.

What does the future hold for Volvo Car? Sales of the 343 are recovering and an entirely new model is planned to replace it in 1983. The company should break even by 1981 on production levels between 100,000 and 120,000. But all sides are understandably modest in their expectations of profits.

The latest State loan and Volvo's set-aside to meet losses will be paid back if profits exceed Fls.30m. pre-tax in any year up to 1989. Any money not repaid by then will be written off.

Volvo's management and the Dutch State have produced detailed forecasts of performance in terms of both cash and cars. But however convincing the detail may appear there is no guarantee that these expectations will be met. Volvo Car's optimism in the past has not always been fulfilled and there are many uncertainties. It is likely to be several years before the managers in Gothenburg stop worrying about their Dutch venture.

NOTICE OF REDEMPTION
to the holders of

SUNDSTRAND FINANCE INTERNATIONAL N.V.

9¾% Guaranteed Sinking Fund Notes Due 1983

NOTICE IS HEREBY GIVEN, that pursuant to the Fiscal Agency Agreement dated as of February 15, 1976, there has been selected for redemption on February 15, 1978, through operation of the Sinking Fund, $1,000,000 principal amount of SUNDSTRAND FINANCE INTERNATIONAL N.V. 9¾% Guaranteed Sinking Fund Notes Due 1983. The following are the serial numbers of the Sinking Fund Notes which will be redeemed:

Definitive Sinking Fund Notes in the principal amount of $1,000 bearing the prefix DM to be redeemed in whole.

24 26 31 76 80 124 126 131 176 180 224 226 231 276 280 324 326 331 376 380 424 426 431 476 480 524 526 531 576 580 624 626 631 676 680 724 726 731 776 780 824 826 831 876 880 924 926 931 976 980 1024 1026 1031 1076 1080 1124

1126 1131 1176 1180 1224 1226 1231 1276 1280 1324 1326 1331 1376 1380 1424 1426 1431 1476 1480 1524 1526 1531 1576 1580 1624 1626 1631 1676 1680 1724 1726 1731 1776 1780 1824 1826 1831 1876 1880 1924 1926 1931 1976 1980 2024 2026 2031 2076 2080 2124 2126 2131 2176 2180 2224 2226

2231 2276 2280 2324 2326 2331 2376 2380 2424 2426 2431 2476 2480 2524 2526 2531 2576 2580 2624 2626 2631 2676 2680 2724 2726 2731 2776 2780 2824 2826 2831 2876 2880 2924 2926 2931 2976 2980 3024 3026 3031 3076 3080 3124 3126 3131 3176 3180 3224 3226 3231 3276 3280 3324 3326 3331

3376 3380 3424 3426 3431 3476 3480 3524 3526 3531 3576 3580 3624 3626 3631 3676 3680 3724 3726 3731 3776 3780 3824 3826 3831 3876 3880 3924 3926 3931 3976 3980 4024 4026 4031 4076 4080 4124 4126 4131 4176 4180 4224 4226 4231 4276 4280 4324 4326 4331 4376 4380 4424 4426 4431 4476

4480 4524 4526 4531 4576 4580 4624 4626 4631 4676 4680 4724 4726 4731 4776 4780 4824 4826 4831 4876 4880 4924 4926 4931 4976 4980 5024 5026 5031 5076 5080 5124 5126 5131 5176 5180 5224 5226 5231 5276 5280 5324 5326 5331 5376 5380 5424 5426 5431 5476 5480 5524 5526 5531 5576 5580

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Accordingly, on February 15, 1978 the Sinking Fund Notes so designated for redemption will become and be due and payable, subject to the deposit of funds with the Paying Agent, at one-hundred percent (100%) of the principal amount thereof in United States dollars, at the option of the holder, either (a) at the corporate trust office of Bankers Trust Company, One Bankers Trust Plaza, New York, New York 10006 or (b) subject to any applicable laws or regulations in the country where each of the following offices is located, at the main offices of Bankers Trust Company in London and Paris, or at the main offices of Banque International a' Luxembourg S.A., in Luxembourg-Ville.

The redeemed Definitive Sinking Fund Notes should be presented with all coupons maturing after February 15, 1978. Coupons maturing on February 15, 1978 should be detached and surrendered for payment in the usual manner.

From and after February 15, 1978, interest on the redeemed Sinking Fund Notes will cease to accrue.

Certain Temporary Notes which were called for redemption on February 15, 1977 have not been presented for payment. Temporary Note numbers TM 1661 and TM 1692 were called in whole.

In accordance with Section 3(B) of the Fiscal Agency Agreement, payment of interest due on the above Temporary Notes which were selected for redemption, on February 15, 1977, will not be made unless the ownership declaration as set forth on such Note has been executed.

A certain Definitive Note which was called for redemption on February 15, 1977 has not been presented for payment. Definitive Note number DM232 was called in whole. The Definitive Note in this paragraph should be presented with all coupons maturing after February 15, 1977.

BANKERS TRUST COMPANY, *Fiscal Agent*

Dated: January 13, 1978.

The Property Market

BY JOHN BRENNAN

West LB to Moorgate

SHAREHOLDERS of merchant bankers Antony Gibbs may have been pleased to hear that the group has sold its embarrassingly expensive office development at 22 Bishopsgate, EC3. Those shareholders should pause before cheering.

The block has been sold to Credit Suisse and Credit Suisse White Weld for a gross £11.7m. —£11.25m. net of stamp duty, agency fees and so forth. On the face of it the sale price represents an initial yield of 5.55 per cent., assuming, as Gibbs did, a nominal rent of £16 per square foot for the 30,000 square foot of offices, £22 for the 5,000 square foot banking hall, and £6 for the 10,000 square foot of basement area.

That apparently impressive low yield does not stand up to close inspection.

The nominal rent of £650,000 a year for the block is based on a net usable space figure of 45,000 square foot. But initial plans for the building suggested that around 48,000 square foot of the 70,000 gross square foot block would be usable. This marginal difference in space becomes increasingly relevant when the notional rent is considered. Banque Belge, a neighbour of Gibbs, has managed to let comparable office space in Bishopsgate for £18 a square foot and banking hall space for £25 a square foot. Those variations alone would increase the effective initial purchasing yield from 5.5 to well over 6 per cent.

The mathematics of prime property yields are of less immediate relevance to Gibbs' shareholders than a comparison of the sale proceeds and the development's cost. Although Gibbs' initial site cost is believed to have been only £75,000, its total building, financing and capitalised charges for alternative accommodation are understood to have topped £11.5m.

The sale of 22 Bishopsgate may not have been an outstanding deal for Gibbs. But it seems to have been a notable coup for the Swiss purchasers, who beat a Banque Belge client to the mark, and who have now taken their first freehold office outside of Switzerland.

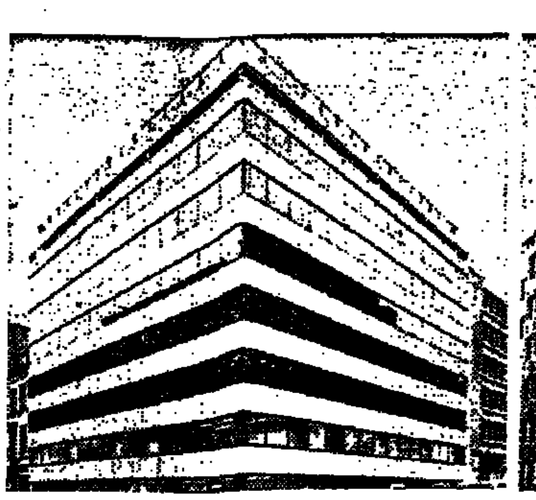
John D. Wood and Jones Lang Wootton acted for Gibbs on the sale. Dron and Wright acted for Credit Suisse.

The backwash effect of the Bishopsgate deal will be felt for some time. Now that the two Swiss banks have found a common home, Credit Suisse's net 23,000 sq. ft. development at 41, Moorgate, has become redundant.

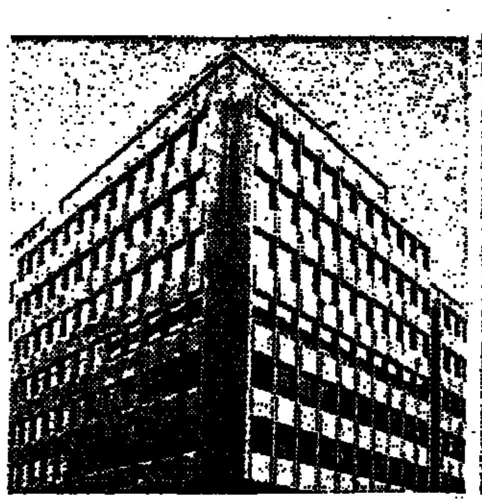
It appears that the German banking house, Westdeutsche Landesbank Girozentrale, is now negotiating for the purchase of the Moorgate scheme.

West LB, Germany's second largest bank, recently hit the headlines following the surprise resignation of its chief executive, Dr. Ludwig Poullain. West LB is in competition with a Far Eastern bank for the Swiss bank's development. But despite the competition, the Germans are expected to buy the new building within the next few weeks.

Savills, who acted for Credit Suisse White Weld in the Bishopsgate deal, now have the task of disposing of the bank's existing office space. The agents expect to ask for a premium equivalent to around £15 a square foot for the bank's 10,000 sq. ft. of offices in the P&O building on Leadenhall Street. A long leasehold on 3,700 sq. ft. of offices at 148, Leadenhall Street, will also be offered at £11 a square foot.



10 rue Montoyer



Belcomm, rue Belliard

38-39 Square de Meeus

£10m. Brussels sales

In a pre-Christmas race to beat higher value added taxes three major office blocks changed hands in Brussels for a total of £10m.

Leading British institutions back to Brussels The Pension Fund Property Unit Trust has bought the smaller of Commercial Union's two developments in the city, the 6,200 square metre corner block at 10 rue Montoyer and rue du Commerce. P.F.P.U.T. paid £4m., a buying yield of 7.85 per cent. for the block which is fully let at around B.Frs.2,750 a square metre.

The Insurance Company of North America has taken Tarmac Properties' 5,900 square metre Belcomm block further along the rue du Commerce at the rue Belliard junction. The Americans paid £4m., the equivalent of B.Frs.35,000 a square metre. That is marginally less than the price per metre achieved by Barclays with its £20m. sale of the Tour Astro earlier in December.

The third deal was the £2m. purchase by the Belgian export finance authority, Office Nationale du Ducroire, of the 2,650 square metre 38 to 39 Square de Meeus development. Llewellyn and Saunders, the onetime Hampton partners' private development company, achieved B.Frs.38,000 a square metre for the vacant block, which will be occupied by the Government body.

It is understood that all three sales, none of which has yet been made public, were negotiated by Jones Lang Wootton's Brussels office. They take JLW's reported sales in Brussels during 1977 to a record £43.5m.

Pressure to complete the deals before the year-end followed the Belgium Government's decision to regroup all value added tax rates at 16 per cent. This meant a 2 per cent. increase in the tax charge for most building sales and for professional fees. The higher rate may deter investing institutions for a time. But JLW echoes a recent Brussels market report by Richard Ellis in its enthusiastic view of the local investment market.

On JLW's figures it appears that around 250,000 sq. metres of offices were bought [illegible] Brussels last year. [illegible] rather more than [illegible] metres of empty space. Anal of that overhang of unlet sp suggests that around a third the empty buildings are secondary quality or in second. locations. The Belgium le structure, allowing break clau every three years in favour tenants, permits occupiers swop offices and upgrade th accommodation. JLW expe that this shift from older to m modern space will mean that the end of the year, although t gross amount of unlet space the city is unlikely to be s nificantly lower, more than h of that overhang will be secondary quality. Pressure demand on prime offices cou therefore, have a relatively ea effect on rents.

Prime office development co run to around 50 BF a sq. met and so until prime rents doub to the 6,000 to 8,000 BF a s metre level new building w remain financially impractic The financial limitations, add to recent office zoning la which restrict the areas of ne office building, are creating t classic conditions for a long ter supply-demand imbalance in t city.

Pressure to cut office taxes

In its annual submission to the Chancellor of the Exchequer the British Insurance Association has added its voice to calls for the extension of capital allowances to all commercial buildings.

The BIA, which acts as the insurance companies' trade association, argues that office buildings contribute as much to the country's prosperity as industrial property and have as much right to tax allowances. The argument has been reinforced by revised accounting rules which now oblige all companies (other than property investment groups) to make provision for depreciation of property assets. Now that depreciation charges will be identified, it would be administratively far more simple to calculate tax allowances on all property holdings.

The Institute of Actuaries and the accountancy profession are discussing ways to overcome the problem of double counting of depreciation on insurance companies' life funds under the new rules. It is expected that either the actuaries will ignore depreciation of properties in their life fund reviews, or that the accountants will permit exemption from the rules because of the regular actuarial checks on these funds, checks that already take account of property depreciation.

That leaves the insurers' own properties and property assets of their general funds. The companies go along with the accountants in wanting to depreciate property, and as they are already obliged—by asset valuation legislation—to commission regular revaluations, the calculations of a depreciation charge on buildings are unlikely to cause any difficulties. But the companies would obviously be far more enthusiastic about the idea if they could claim tax relief on all these charges.

The BIA feels that the Treasury is not hostile to the principle of extending capital allowances to offices. But the concession, which would clip around £200m. a year from the Corporation Tax take, has a low political priority. Given the growing pressure for reform of the tax law in this area extension of allowances would be a popular way of redistributing North Sea oil revenue within the corporate sector.

IN BRIEF

Angel Court, the 175,000 square foot octagonal office tower behind the Stock Exchange, represents nearly half of all the new offices due to be completed in the City this year.

The unique scale of the development, and its position in the heart of the City's prime banking area means that joint letting agents, Richard Ellis and St. Quintin, Son and Stanley, are asking £17.50 a square foot for the offices, a total rent role for the scheme of £3.275m.

Rates, expected to be arou £8 a square foot, plus another . or so for service costs push t total accommodation costs £27.50 a square foot, over £5.1 a year.

The agents are already talki to one bank interested in occup ing the whole building. And the asking rents are achiev Electricity Supply Nominees - who funded the £15m. buildi —and The Clothworkers Co pany—who hold the freehold- will have a development with capital value of over £50m.

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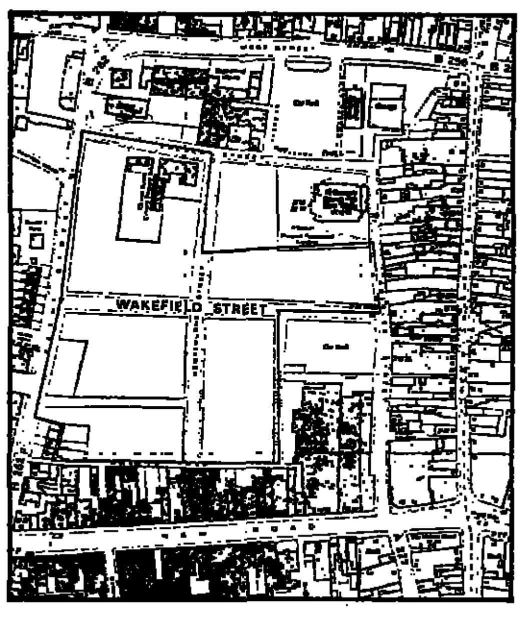

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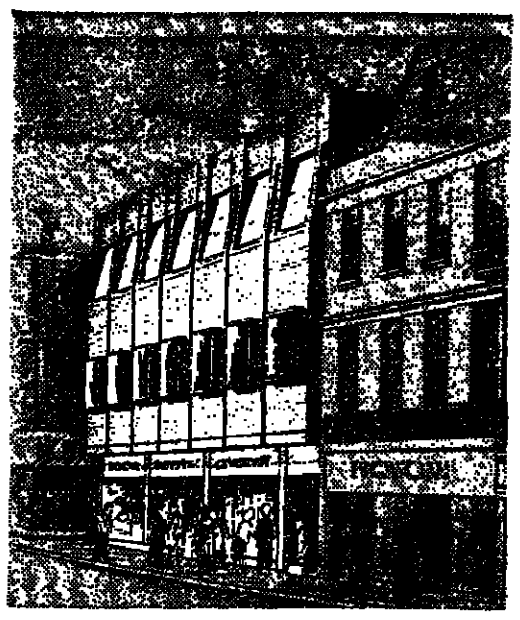

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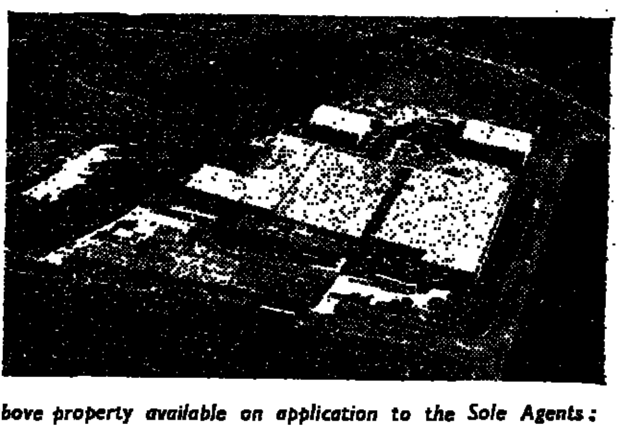

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PROPERTY DEALS

Tenants fall for Solent view

DUKES KEEP, English Property Corporation's 85,000 sq. foot Southampton office block, is finally filling up. The air conditioned building has been standing empty since its completion early in 1976. But now Debenham Tewson and Chinnocks and local agents Denford and Son, have signed up tenants for over a third of the building and are talking rents on another 30,000 sq. feet.

EPC's 14 storey tower, which looks out over the Solent, was initially marketed as a single unit. But Southampton firms baulked at asking rents of £3.50 a sq. foot and EPC was unable to attract a London exile to take up the space.

So far the agents have let 10,750 sq. feet on two floors to Overseas Containers, who were advised by Suttons. Another two 5,750 sq. foot floors have been taken by the Post office and by the Industrial Tribunal and Powell Duffryn has signed for 4,200 sq. feet. There is no common rent for the lettings but the agents say that rents have been in sight of the £3.50 asked.

●

DEMAND for industrial property in North London is having an impressive effect on local rents. In a report on the North West of the Capital Edward Symmons and Partners comment that rents for warehouse units have firmed to over £2 a square foot. That bodes well for the private group Dimsdale Developments (South East), which has joined forces with Haringey Council to develop a 1 acre site at Willoughby Lane, N.17.

Dimsdale is to build 19,500 square feet of industrial and warehouse space on the site, which is half a mile from the North Circular Road. Symmons are agents for the scheme which takes Dimsdale's total development programme to £8.5m., more than 400,000 square feet of industrial space.

The North London industrial market continues to attract institutional buyers. Merchant Investors Property Fund has added a £1.38m. warehouse in the area to its portfolio. The Fund, advised by Richard Ellis, has bought a new 80,000 square foot scheme at Mollison Avenue, Enfield, on an initial yield of just under 7.4 per cent.

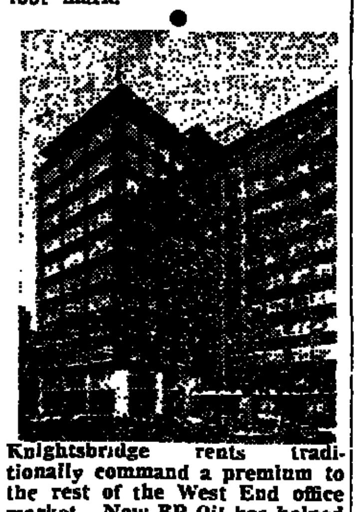
Staying North, the Wolff Charity Trust has paid £245,000 for the former J.A.P. engineering works in Tariff Road, Tottenham, N.17.

Debenham Tewson and Chinnocks, acting for the Trust, plans to refurbish the site to create 55,000 square feet of light industrial and warehousing space. Two 11,000 square foot units on the estate have been let at £1.50 a square foot, which is the asking rent for remaining space.

South of the river another private developer, backed by the Co-operative Insurance Society, is building 114,000 square feet of industrial space on a five-acre site off the Old Kent Road, SE1. Flaxyard Limited, advised by Peter Taylor and Co., paid close to the £875,000 asking price for the former Charringtons Industrial Holdings site. Charringtons were represented by Healey and Baker.

The developer plans units ranging from 7,000 to 40,000 square feet and the joint letting agents, Taylor, H. and B. and Bernard Thorpe and Partners—retained by CIS—are looking for rents around the £2.50 a square foot mark.

●



Knightsbridge rents traditionally command a premium to the rest of the West End office market. Now BP Oil has helped to confirm this rating by subletting 27,000 square feet of surplus space in its Mercury House offices to Texaco for around £9 a square foot. BP, advised by Phillips J. Sinclair and Co. has let the space on a 15 year lease with five year reviews.

Texaco plans fairly extensive interior refitting before moving into the 20 year old block later this year. Mercury House, 195 Knightsbridge SW7, with its twin at 197 was one of the late Gabriel Harrison's developments. The Gas Corporation acquired the freehold of the whole block when Mr. Harrison's Amalgamated Investment and Property group collapsed.

●

TWO OF Haslemere Estates' refurbishments have found tenants in the New Year. Even without air conditioning or lifts the group's latest restoration, 146 Fleet Street, E.C.4, has been taken at £7.50 a square foot. The Liverpool Daily Post and Echo has moved into the upper office floors of the listed building. 146 stands next to the entrance to Wine Street Court and to that magnet for tourists, Ye Olde Cheshire Cheese.

Collier and Madge, with McDaniel and Daw, have let the former snuff shop at the front of the building to Kandies, the sweet shop, for £4,000 a year. The agents are asking £2,500 a year for the tiny shop space at the side of the building, facing the Cheshire Cheese.

Haslemere's refurbished offices at 32, Portland Place, W.1, have also just been let. International contractors A and P Paraskevaides have taken the 5,130 square feet building, paying around £7 a square foot for the office content. Richard Lionel and Partners advised the contractors. Langley, Slater, Graham acted for Haslemere.

J.B.

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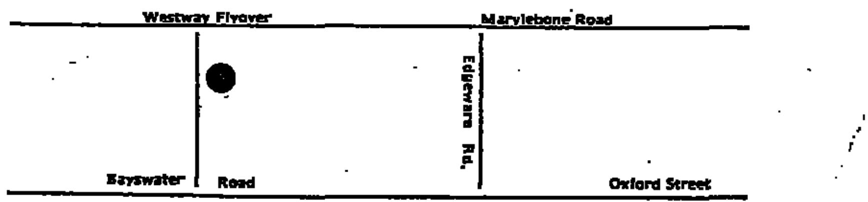

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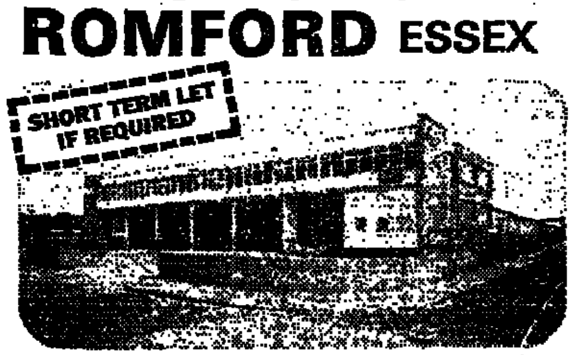

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APPOINTMENTS

Christopher Soames joins NatWest

Sir Christopher Soames, who from 1973 to 1977 was one of the first two British members of the *European Commission*, has been appointed to the main Board of NATIONAL WESTMINSTER BANK.

Mr. Robin Leigh-Pemberton, the chairman of NatWest, said: "I am delighted that Sir Christopher has agreed to become a director, for I feel that his international experience will enable him to make a most useful contribution to the bank's future growth, particularly overseas."

Sir Christopher was a member of Parliament from 1950 to 1966 and held various ministerial appointments in Conservative governments. He entered the Cabinet in 1960 and between 1964 and 1966 was chief opposition spokesman first on defence and then on foreign affairs.

From 1968 to 1972 he was British Ambassador to France, at the time when Britain negotiated entry to the EEC. During his period on the European Commission, he was a vice-president responsible for external relations.

Last June Sir Christopher became a non-executive director of the merchant bank N. M. Rothschild.

*

Mr. Bernard H. Tubbs has been appointed to the Board of BREMAR INSURANCE SERVICES, a member company of the Bremar Holdings group. Mr. Tubbs, a member of Lloyd's, joined Bremar 18 months ago.

*

Mr. David Cobb, formerly a director and publisher in the Women's Magazines Group of IPC Magazines, has been appointed managing director of IPC BUSINESS PRESS (SALES AND DISTRIBUTION). Mr. Alf Raven, deputy direct sales director has been appointed to the Board of that company. Mr. David Montgomery, at present on secondment to Sales and Distribution from Computer Data Processing, has been appointed distribution and development director of Sales and Distribution and joins the Board.

*

Mr. Ronald H. Nethercott has been appointed a part-time member of the SOUTH WESTERN ELECTRICITY BOARD for a three-year period. Mr. Nethercott has been south-western regional secretary of the Transport and General Workers' Union since 1957.


Sir Christopher Soames

*

Mr. A. F. Close has been appointed secretary to the DONALD MACPHERSON GROUP. His appointment follows the retirement at the end of January this year of Mr. Kenneth Walmsley, group secretary since 1968. Mr. Close was previously with a firm of solicitors. Prior to that he was director, group secretarial legal division, with Ocean Transport and Trading in Liverpool.

*

Mr. D. A. Newton has become a director of DUGDALE (UNDERWRITING) and **Miss Chandrika Patel** has been appointed secretary.

*

Mr. D. M. McLachlan Clark, director of Henry W. Peabody Grain, has been elected president of the GRAIN AND FEED TRADE ASSOCIATION in succession to Mr. D. G. Turner. Other officers are: deputy president: Mr. W .H. Defoe, managing director of T. A. Jones and Co.; U.K. vice-president: Mr. P. A. Metaxa, director of RHM Flour Mills; European vice-president: Mr. L. Meunier, manager of the international section of SEDIPA (Ste. Europeanne de Distribution de Produits Alimentaires) and vice-chairman of the oilcakes section of Synacomex, Paris.

*

Mr. James Redmond, director of engineering, BBC, is to be president of the INSTITUTION OF ELECTRICAL ENGINEERS for the 1978-79 session. He will take office on October 1.

*

Professor George Clayton has been appointed a non-executive director of the PIONEER MUTUAL INSURANCE COMPANY. Professor Clayton served on both the Crowther Committee and the Scott Committee. Mr. S. H. Leckie has been made actuary to the company.

*

Mr. John Loudon, a director of N. M. Rothschild and Sons, has been elected to the Supervisory Board of HEINEKEN NV.

*

Mr. Reginald May has been appointed a director of the JOINT CREDIT CARD COMPANY (Access). Mr. May has been general manager, operations, since joining the company in 1974, and he will continue to be responsible for the Southend operations centre.

*

Mr. Jack Morgan has been appointed assistant managing director of NAAFI, the official trading organisation to HM Forces. Mr. Morgan was secretary to the corporation before his appointment to the Board in 1974.

*

Mr. A. E. Davis has become lubricants controller of the European division of Castrol. He succeeds **Mr. B. J. Baldwin**, whose appointment as managing director, Castol (Thailand), has already been announced. For the past seven years Mr. Davis has been manager of the U.K. Lubricants marketing services department, a post in which he is now succeeded by Mr. C. J. Robinson, previously assistant manager.

*

Mr. Ralph H. Richard has been appointed to the Board of ALLIED MILLS as sales director. The company is a division of Associated British Foods.

*

Following the acquisition of Multiple Brokerage by CHARTERHOUSE MAGNA ASSURANCE COMPANY, **Mr. J. D. Nettleton** and **Mr. C. W. T. Johnston** have been appointed directors of the latter company.

*

Mr. M. R. Barlow and **Mr. C. W. Yeldham** have been appointed directors of DEVITT LANGTON AND DAWNAY DAY.

*

Mr. Ronald W. Howlett has been appointed general manager of CWMBRAN DEVELOPMENT CORPORATION. Mr. Howlett joined the Corporation as deputy chief engineer in 1969 and became chief administrative officer in 1974. He succeeds **Mr. Ronald Menday**, who has retired.

*

Mr. Stephen F. Wheatcroft, director subsidiaries of British Airways, has been elected president of the CHARTERED INSTITUTE OF TRANSPORT from October 1, 1978.

*

Mr. Desmond Matthews, managing director of Dalgety Frozen Foods, has been appointed chairman of the FOOD FREEZER AND REFRIGERATOR COUNCIL, succeeding Mr. A. W. Perry.

*

Mr. Harry Robinson has been appointed deputy managing director of E. THOMAS AND CO., and **Mr. Frederick Turner** has joined the company as director in charge of the Newton Abbot office. The parent concern is John Mowlem.

*

Mr. T. Edge and **Mr. D. C. McQueen** have been appointed additional joint managing directors of I. J. DEWHIRST.

*

The INSTITUTE OF CREDIT MANAGEMENT has appointed its first woman branch chairman. She is ***Mrs. Judy Boyd***, *who has* become chairman of the North-East branch.

*

Mr. J. Ager has been appointed assistant managing director, UDT INTERNATIONAL FINANCE, a subsidiary of United Dominions Trust.

*

Mr. Francisco Valencia has been appointed managing director of GONZALEZ BYASS (U.K.).

*

Mr. J. R. Trotman has been appointed managing director of TUFNOL.

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A FINANCIAL TIMES SURVEY

The Financial Times is planning to publish a Survey on Industrial Property. The provisional editorial synopsis and date are set out below.

DATE: Wednesday, 15th February, 1978

INDUSTRIAL PROPERTY

1. INTRODUCTION

Industrial property has outpaced offices and matched prime shops as the most fashionable sector of the property investment market over the past year. Investment demand has spilled over into development activity, and new building of factories and warehouses has provided a badly needed lifeline for the contracting industry. But the sluggish pace of industrial recovery in the economy as a whole casts a shadow over the industrial developers. Could the enthusiasm for industrial property survive any further delay in the long-awaited revival of industrial activity?

2. INDUSTRIAL DEVELOPMENT

a. The Land Crisis

Property legislation has severely reduced the supply of suitable industrial property development sites. The price of freely developable land is rocketing, and the rising spiral of land costs threatens to halt the industrial building boom.

b. Building Costs

Contractors, anxious to keep their work forces together, have been paring profit margins to the bone in their efforts to win building contracts. The builders' subsidy has artificially reduced development costs and kept asking rents for new space unrealistically low. 1978 could see true costs flowing through to rents.

c. The Contractor Developers

Civil engineering and contracting companies are increasingly willing to take on the role of developer. International contractors' strong cash flow enables them to act as both development and investment holding groups, and property investment is becoming an increasingly important revenue source for leading companies in the building sector. But not all builders' property operations have been a success.

d. The Traditional Developers

The industrial property development groups have been riding the crest of a stock market wave for eighteen months. There is more to go for in the shares, although property legislation casts a long-term shadow.

3. BUILDING AND DESIGN

a. Industrial Buildings Past and Present

Factory and warehouse design has come full circle since the first industrial revolution. From hastily converted buildings to purpose-built mills and back towards the most flexible factory/warehouse/part office structures, and the shape and standards of industrial building have radically altered over time.

b. Industrial Buildings of To-morrow

Industrial buildings have to mirror the changing needs of industry. Will to-day's industrial estate be an abandoned relic by the end of the century?

4. INDUSTRIAL ACTIVITY

a. Finance

Moves towards financial recovery have yet to be matched by a similar recovery in industrial output. Until industry follows the City out of recession factory building remains a speculative business.

b. Institutions

The institutions funding industrial building strongly favour warehouse rather than factory schemes because of the relatively stronger demand for modern motorway-linked storage space. While consumer demand remains buoyant, and industrial activity slack, warehouse properties will continue to edge ahead of factories in rental, development and investment terms.

5. THE REGIONS

a. London

Industrial development sites in the capital are commanding premium prices. Proposals for revitalisation of inner city areas may eventually help to ease the scarcity problems. But in the meantime local planning delays endanger efforts to bring blue-collar jobs back to London.

b. Docklands

London's docklands are the largest inner city wasteland in Europe. After twenty years of delays there are at last signs that the immense potential of the area will be realised.

c. Manchester and the North West

Despite local and national efforts to revive the region industrially, only Greater Manchester retains the spread of business to ride out the recession.

d. The North East

Advanced factory building by the British Estates Corporation heavily subsidises industrial users and threatens to squeeze the private developer from the market.

e. Scotland

North Sea oil sparked massive industrial building programmes that created a supply of modern space now overhanging a disappointingly sluggish letting market.

f. Glasgow

Glasgow has attracted a fringe of successful industrial developments. The City stands out in an otherwise depressed industrial market.

g. Northern Ireland

National Government efforts to maintain the Province's industrial base in the face of local conflict have spawned a rash of new, and too often, empty industrial buildings.

h. The South East

Outside London the motorway-linked industrial commuter areas have been the scene for the most active factory and warehouse building in recent years.

i. The New Towns

New Town Corporations, although now facing a gradual run-down, have an exceptional chance to take advantage of the shortage of industrial sites by releasing land for private or joint development.

j. The South West

Motorway and high-speed rail links have turned a one-time backwater into a selectively strong industrial property market. But here again the lack of suitable land for development is slowing the pace of building.

k. Wales

Government-sponsored industrial building programmes have undermined the private development market. But selective schemes show that the Welsh market is still alive, if struggling.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

NOTICE OF REDEMPTION

To the Holders of

Conoco Eurofinance N.V.

8% Guaranteed Debentures due February 15, 1986

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture dated as of February 15, 1971, among Conoco Eurofinance N.V., Continental Oil Company, Guarantor and Bankers Trust Company, Trustee, that $2,500,000 principal amount of Conoco Eurofinance N.V. 8% Guaranteed Debentures due February 15, 1986 has been selected by the Trustee for redemption on February 15, 1978 through operation of the Sinking Fund provided for in Section 3.02 of the Indenture dated as of February 15, 1971, at the principal amount thereof. The following are the serial numbers of the 8% Guaranteed Debentures which will be redeemed in whole.

8% Guaranteed Debentures in the principal amount of $1,000 bearing the prefix M

M14	1942	4242	6401	8494	10474	12536	14574	16774	19074	21374	23714	25842	27874	29794	31942	34136	36401	38442	40401	42342	44294	46242	48174
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114	2094	4336	6514	8574	10559	12594	14642	17014	19174	21442	23814	25942	27974	29894	32042	34236	36494	38542	40494	42436	44394	46336	48274
136	2114	4342	6536	8575	10574	12614	14814	17074	19194	21474	23836	25994	27994	29914	32074	34242	36559	38559	40514	42442	44401	46342	48278
142	2136	4374	6542	8594	10575	12636	14836	17094	19214	21494	23842	26014	28014	29936	32094	34274	36574	38574	40536	42474	44414	46374	48294
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236	2214	4436	6594	8674	10642	12714	14936	17214	19278	21559	23936	26094	28094	30014	32174	34336	36636	38636	40575	42542	44494	46436	48374
242	2274	4442	6614	8694	10674	12736	14974	17236	19294	21574	23942	26114	28114	30036	32194	34342	36642	38642	40594	42559	44514	46442	48394
274	2278	4474	6636	8714	10694	12774	14994	17242	19314	21575	23974	26136	28136	30042	32214	34374	36674	38674	40614	42574	44536	46474	48401
278	2294	4514	6642	8736	10714	12794	15014	17274	19336	21594	23994	26142	28142	30114	32236	34394	36694	38694	40636	42575	44542	46494	48414
294	2314	4536	6674	8742	10736	12814	15036	17278	19342	21614	24014	26174	28174	30136	32242	34401	36714	38714	40642	42594	44559	46514	48428
314	2336	4542	6694	8774	10742	12836	15042	17294	19374	21774	24074	26194	28194	30142	32274	34414	36736	38736	40674	42614	44574	46536	48436
336	2342	4559	6714	8794	10774	12842	15074	17314	19394	21794	24094	26214	28214	30174	32278	34436	36742	38742	40694	42636	44575	46542	48442
342	2374	4574	6736	8814	10794	12874	15094	17336	19494	21814	24114	26236	28236	30194	32294	34442	36774	38774	40714	42642	44594	46559	48474
374	2394	4575	6742	8836	10814	12894	15214	17342	19536	21836	24136	26242	28242	30214	32314	34474	36794	38794	40736	42674	44614	46574	48674
394	2401	4594	6774	8842	10836	12914	15236	17374	19542	21842	24142	26274	28274	30236	32474	34494	36814	38814	40742	42694	44636	46575	48694
401	2414	4642	6794	8874	10842	12936	15242	17394	19559	21874	24174	26278	28278	30242	32494	34514	36836	38836	40774	42714	44642	46594	48714
414	2436	4674	6814	8894	10874	12942	15274	17401	19574	21894	24194	26294	28294	30274	32514	34536	36842	38842	40794	42736	44674	46614	48736
436	2442	4694	6836	8914	10894	13014	15278	17414	19575	21914	24214	26314	28314	30278	32536	34542	36874	38874	40814	42742	44694	46636	48742
442	2474	4714	6842	8936	10914	13036	15294	17436	19594	22094	24236	26336	28336	30294	32542	34559	36894	38894	40836	42774	44714	46642	48774
474	2494	4736	6874	8942	10936	13042	15314	17442	19614	22136	24242	26342	28342	30314	32559	34574	36914	38914	40842	42794	44736	46674	48794
494	2694	4742	6936	8974	10942	13074	15336	17474	19636	22142	24274	26374	28374	30336	32574	34575	36974	38936	40874	42814	44742	46694	48814
514	2714	4774	6942	8994	10974	13094	15342	17494	19642	22174	24278	26394	28394	30342	32575	34594	36994	38942	40894	42836	44774	46714	48836
536	2736	4836	6974	9014	10994	13114	15374	17514	19674	22194	24294	26401	28401	30374	32614	34614	37014	38974	40914	42842	44794	46736	48842
542	2742	4842	6994	9036	11014	13136	15394	17536	19694	22214	24314	26414	28414	30394	32636	34636	37036	38994	40936	42874	44814	46742	48874
559	2774	4974	7014	9042	11036	13142	15401	17542	19774	22236	24336	26436	28428	30401	32642	34642	37042	39014	40942	42894	44836	46774	48894
574	2794	4994	7036	9074	11042	13174	15414	17559	19914	22242	24342	26442	28436	30474	32674	34736	37074	39036	40974	42914	44842	46794	48914
575	2814	5014	7042	9094	11094	13194	15436	17574	19936	22274	24374	26514	28442	30494	32694	34774	37094	39042	40994	42936	44874	46814	48936
594	2836	5036	7074	9114	11114	13214	15442	17575	19942	22278	24414	26536	28474	30514	32714	34794	37174	39074	41014	42942	44894	46836	48942
614	2842	5042	7094	9136	11136	13236	15474	17594	19974	22294	24436	26542	28494	30536	32736	34814	37194	39094	41036	42974	44914	46842	48974
636	2874	5074	7114	9142	11142	13242	15494	17614	20036	22314	24442	26559	28514	30542	32742	34836	37214	39114	41042	42994	44936	46874	48994
642	2894	5094	7136	9174	11174	13274	15514	17636	20042	22336	24474	26574	28536	30559	32774	34842	37236	39136	41074	43014	44942	46894	49036
674	2914	5114	7142	9194	11194	13278	15536	17642	20074	22342	24494	26575	28542	30574	32794	34874	37242	39142	41094	43036	44974	46914	49042
694	2936	5136	7174	9214	11214	13294	15542	17674	20094	22374	24514	26636	28559	30575	32814	34894	37274	39174	41114	43042	44994	46936	49074
714	2942	5142	7194	9236	11236	13314	15559	17694	20114	22394	24559	26642	28574	30594	32836	34914	37278	39194	41136	43074	45014	46942	49094
736	2974	5174	7214	9242	11242	13336	15574	17714	20136	22514	24574	26674	28575	30614	32842	34936	37294	39214	41142	43094	45036	46974	49114
742	2994	5194	7236	9274	11274	13342	15575	17736	20142	22536	24575	26694	28594	30714	32874	34942	37314	39236	41174	43114	45042	46994	49136
774	3014	5214	7242	9278	11278	13374	15594	17742	20174	22542	24594	26714	28614	30736	32894	34974	37336	39242	41194	43136	45074	47014	49142
794	3036	5236	7274	9294	11294	13394	15614	17774	20194	22559	24614	26736	28636	30742	32914	34994	37342	39274	41214	43142	45094	47036	49174
814	3042	5242	7278	9314	11314	13401	15636	17794	20214	22574	24636	26742	28642	30774	32936	35014	37374	39278	41236	43174	45114	47042	49194
836	3074	5274	7294	9336	11336	13414	15642	17814	20236	22575	24642	26774	28674	30794	32942	35036	37394	39294	41242	43194	45136	47074	49214
842	3094	5278	7314	9342	11342	13436	15674	17874	20242	22594	24674	26794	28694	30814	32974	35042	37401	39314	41274	43214	45142	47094	49236
874	3136	5294	7336	9374	11374	13442	15694	17894	20274	22614	24694	26814	28714	30836	32994	35074	37414	39336	41278	43236	45174	47114	49242
894	3142	5314	7342	9394	11394	13474	15714	17914	20278	22636	24714	26836	28736	30842	33014	35094	37436	39342	41294	43242	45194	47136	49274
914	3174	5336	7401	9401	11401	13494	15736	17936	20294	22642	24736	26842	28742	30874	33036	35114	37442	39374	41314	43274	45214	47142	49278
936	3194	5342	7414	9414	11414	13514	15742	17942	20314	22674	24742	26874	28774	30894	33042	35136	37474	39394	41336	43278	45236	47174	49294
942	3214	5374	7436	9436	11436	13536	15774	17994	20336	22694	24774	26894	28794	30914	33074	35142	37494	39401	41342	43294	45242	47194	49314
974	3236	5394	7442	9442	11442	13542	15794	18014	20342	22714	24794	26914	28814	30936	33094	35174	37514	39414	41374	43314	45274	47214	49336
994	3242	5401	7474	9474	11474	13559	15814	18036	20374	22736	24814	26936	28836	30942	33114	35194	37536	39436	41394	43336	45278	47236	49342
1014	3274	5414	7494	9494	11494	13574	15836	18042	20394	22742	24836	26942	28842	30974	33136	35214	37542	39442	41401	43342	45294	47242	49374
1036	3278	5436	7514	9514	11514	13575	15842	18074	20401	22774	24842	26974	28874	30994	33142	35236	37559	39474	41414	43374	45314	47274	49394
1042	3294	5442	7536	9536	11536	13594	15874	18094	20414	22794	24874	26994	28894	31014	33174	35242	37574	39494	41436	43394	45336	47278	49401
1074	3314	5474	7542	9542	11542	13614	15894	18114	20436	22814	24894	27014	28914	31074	33194	35274	37575	39514	41442	43401	45342	47294	49414
1094	3336	5494	7559	9559	11559	13636	15914	18136	20442	22836	24914	27036	28936	31094	33214	35278	37594	39536	41474	43414	45374	47314	49436
1114	3342	5514	7614	9574	11574	13642	15936	18142	20474	22842	24936	27042	28942	31114	33236	35294	37614	39542	41494	43436	45394	47336	49442
1136	3374	5536	7636	9575	11575	13674	15942	18174	20494	22874	24942	27074	28974	31136	33242	35314	37636	39559	41514	43442	45401	47342	49494
1142	3394	5542	7642	9594	11594	13694	15974	18194	20514	22894	24974	27094	28994	31142	33274	35336	37642	39574	41536	43474	45414	47374	49536
1174	3401	5559	7694	9614	11614	13714	15994	18214	20536	22914	24994	27114	29014	31174	33278	35342	37674	39575	41542	43494	45436	47394	49542
1194	3414	5574	7714	9636	11636	13736	16014	18236	20542	22942	25094	27136	29036	31194	33294	35374	37694	39594	41559	43514	45442	47401	49559
1214	3436	5575	7736	9642	11642	13742	16036	18242	20559	22974	25114	27142	29042	31214	33314	35394	37700	39614	41574	43536	45474	47414	49574
1236	3442	5594	7742	9674	11674	13774	16042	18274	20574	22994	25136	27174	29074	31236	33336	35401	37714	39636	41575	43542	45494	47436	49575
1242	3474	5614	7774	9694	11694	13794	16074	18278	20575	23014	25142	27194	29094	31242	33342	35414	37736	39642	41594	43559	45514	47442	49594
1274	3494	5636	7794	9736	11714	13814	16094	18294	20594	23036	25174	27214	29114	31274	33374	35436	37742	39674	41614	43574	45536	47474	49614
1278	3514	5642	7814	9742	11736	13836	16114	18314	20614	23042	25194	27236	29136	31278	33394	35442	37774	39694	41636	43575	45542	47494	49636
1294	3536	5674	7836	9774	11742	13842	16136	18374	20636	23074	25214	27242	29142	31294	33401	35474	37794	39714	41642	43594	45559	47514	49642
1314	3542	5694	7842	9794	11774	13874	16142	18394	20642	23094	25236	27274	29174	31314	33414	35494	37814	39736	41674	43614	45574	47536	49674
1336	3559	5714	7874	9814	11794	13894	16174	18401	20674	23114	25242	27278	29194	31336	33436	35514	37836	39742	41694	43636	45575	47542	49694
1542	3574	5736	7894	9836	11814	13914	16194	18414	20694	23136	25274	27294	29214	31342	33442	35536	37842	39774	41714	43642	45594	47559	49714
1374	3575	5742	7914	9842	11836	13936	16214	18428	20714	23142	25278	27314	29236	31874	33474	35542	37874	39794	41736	43674	45614	47574	49736
1394	3594	5774	7936	9874	11842	13942	16236	18436	20736	23174	25294	27336	29242	31394	33494	35559	37894	39814	41742	43694	45636	47575	49742
1401	3614	5794	7942	9894	11874	13974	16242	18442	20742	23194	25314	27342	29274	31401	33514	35574	37914	39836	41774	43714	45642	47594	49814
1414	3636	5814	7974	9936	11894	13994	16274	18474	20774	23214	25336	27374	29278	31414	33536	35575	37936	39842	41794	43736	45674	47614	49836
1436	3642	5836	7994	9942	11914	14014	16278	18494	20794	23236	25342	27394	29294	31436	33542	35594	37942	39874	41814	43742	45694	47636	49842
1442	3674	5842	8014	9974	11936	14036	16294	18514	20814	23242	25374	27401	29314	31442	33559	35614	37974	39894	41836	43774	45714	47642	49874
1474	3694	5874	8036	9994	11942	14042	16314	18536	20836	23274	25394	27414	29336	31474	33574	35636	37994	39914	41842	43794	45736	47674	49894
1494	3714	5894	8042	10014	11974	14074	16336	18542	20842	23278	25401	27436	29342	31494	33575	35642	38014	39936	41874	43814	45742	47694	49914
1514	3736	5914	8074	10036	11994	14094	16342	18559	20874	23294	25414	27442	29374	31514	33594	35674	38036	39942	41894	43836	45774	47700	49936
1536	3742	5936	8094	10042	12014	14114	16374	18574	20894	23314	25436	27474	29394	31536	33614	35694	38042	39974	41914	43842	45794	47714	49942
1542	3774	5942	8114	10074	12036	14174	16394	18575	20914	23336	25442	27494	29401	31542	33636	35714	38074	39994	41936	43874	45814	47736	49974
1559	3794	5974	8136	10094	12042	14194	16401	18594	20936	23342	25474	27514	29414	31559	33642	35736	38094	40014	41942	43894	45836	47742	49994
1574	3814	5994	8142	10114	12074	14214	16414	18614	20942	23374	25494	27536	29436	31574	33674	35742	38114	40036	41974	43914	45842	47774	
1575	3836	6014	8174	10136	12094	14236	16436	18636	20974	23394	25514	27542	29442	31575	33694	35936	38136	40042	41994	43936	45874	47794	
1594	3842	6036	8194	10142	12114	14242	16442	18642	20994	23401	25536	27559	29474	31594	33774	35942	38142	40074	42014	43942	45894	47814	
1614	3874	6042	8214	10174	12174	14274	16474	18674	21014	23414	25542	27574	29494	31614	33794	35974	38174	40094	42036	43974	45914	47836	
1636	3894	6074	8236	10194	12194	14278	16494	18694	21036	23436	25559	27575	29514	31636	33814	35994	38194	40114	42042	43994	45936	47842	
1642	3914	6094	8242	10214	12274	14294	16514	18774	21042	23442	25574	27594	29536	31642	33836	36014	38214	40136	42074	44014	45942	47874	
1674	3936	6114	8274	10236	12278	14314	16536	18794	21074	23474	25575	27614	29542	31674	33842	36036	38236	40142	42094	44036	45974	47894	
1694	3942	6136	8278	10242	12294	14336	16542	18814	21094	23494	25594	27636	29559	31694	33874	36042	38242	40174	42114	44042	45994	47914	
1714	3974	6142	8294	10274	12314	14342	16559	18836	21114	23514	25614	27642	29574	31714	33894	36074	38274	40194	42136	44074	46014	47936	
1736	4014	6174	8314	10278	12336	14374	16574	18842	21136	23536	25636	27674	29575	31736	33914	36094	38278	40214	42142	44094	46036	47942	
1742	4036	6194	8336	10294	12342	14394	16575	18874	21142	23542	25642	27694	29594	31742	33936	36114	38294	40236	42174	44114	46042	47974	
1774	4042	6214	8342	10314	12374	14401	16594	18894	21214	23559	25674	27700	29614	31774	33942	36136	38314	40242	42194	44136	46074	47994	
1794	4074	6236	8374	10336	12394	14414	16614	18914	21236	23574	25694	27714	29636	31794	33974	36142	38336	40274	42214	44142	46094	48014	
1814	4094	6242	8394	10342	12401	14436	16636	18936	21242	23575	25714	27736	29642	31814	33994	36174	38342	40278	42236	44174	46114	48036	
1836	4114	6274	8401	10374	12414	14442	16642	18942	21274	23594	25736	27742	29674	31836	34014	36194	38374	40294	42242	44194	46136	48042	
1842	4136	6278	8414	10394	12436	14494	16674	18974	21278	23614	25742	27774	29694	31842	34036	36314	38394	40314	42274	44214	46142	48074	
1874	4142	6294	8428	10401	12442	14514	16694	18994	21294	23636	25774	27794	29714	31874	34042	36336	38401	40336	42278	44236	46174	48094	
1894	4194	6314	8436	10414	12474	14536	16714	19014	21314	23642	25794	27814	29736	31894	34074	36342	38414	40342	42294	44242	46194	48114	
1914	4214	6374	8442	10436	12494	14542	16736	19036	21336	23674	25814	27836	29742	31914	34094	36374	38428	40374	42314	44274	46214	48136	
1936	4236	6394	8474	10442	12514	14559	16742	19042	21342	23694	25836	27842	29774	31936	34114	36394	38436	40394	42336	44278	46236	48142	

Accordingly, on February 15, 1978 the Guaranteed Debentures so designated for redemption will become due and payable, upon presentation and surrender thereof, at one-hundred percent (100%) of the principal amount thereof in United States dollars, at the option of the holder, either (a) at the office of Bankers Trust Company, Corporate Trust Division, One Bankers Trust Plaza, New York, New York 10006 or (b) subject to any applicable laws or regulations in the country where each of the following offices is located, at the City Office of Bankers Trust Company in London, at the Main Office of Bankers Trust Company in Paris, at the office of Banque du Benelux S.A. in Brussels, at the office of Banque du Benelux-La Luxembourgeoise, S.A. in Luxembourg, at the office of Deutsche Unionbank, G.m.b.H. in Frankfurt/Main, at the office of Bank Mees & Hope N.V. in Amsterdam, at the office of Credit Suisse in Geneva and Zurich or at the office of Banca Nazionale del Lavoro in Milan and Rome.

The redeemed Guaranteed Debentures should be presented with all coupons maturing after February 15, 1978. Coupons maturing on February 15, 1978 and prior thereto should be detached and surrendered for payment in the usual manner. From and after February 15, 1978, interest on redeemed Guaranteed Debentures will cease to accrue.

CONOCO EUROFINANCE N.V.
By BANKERS TRUST COMPANY, *Trustee*

Dated: January 13, 1978

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Rally on bargain hunting falters

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Jan. 12.

A SEVEN-DAY slump on the Wall Street stock market ended today as investors snapped up some bargains, encouraged by a firmer dollar on Foreign Exchange markets and improved unemployment and inflation figures. However, the rally later faltered to leave only a modest improvement on balance.

The Dow Jones Industrial Average was finally 2.25 up at 778.15, after earlier rising 6 points, while the NYSE All Common Index recorded a net improvement of 8 cents at $49.60, after touching $49.76. Gains outnumbered losses at the close by 745 to 594, while turnover expanded to 23.73m. shares from yesterday's level of 22.88m.

Before the market opened, the Labor Department reported that the Wholesale Price Index in December gained at a 0.5 per cent. adjusted rate, down from 0.7 per cent. in November.

The dollar surged in late European trading against the Swiss franc and the West German mark after the Fed apparently intervened, and the dollar also strengthened in New York as the Fed sold marks.

However, the stock market started to pull back after President Carter told a news conference that he does not expect a change in the high interest rate situation until the dollar problem is solved.

Brokers also attributed late retrenchment to concern about reports that the Money Supply would show a substantial rise. After the close, the Fed reported that the basic U.S. money supply jumped $4bn. in the latest statement week, while the broader M2 measure soared $5.6bn.

Culligan advanced 3 to $13¾ on Beatrice Foods' offer to acquire the company.

THE AMERICAN SE Market Value Index regained 0.73 to 120.46 on volume of 2.07m. shares (1.94m.).

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Budd	536,100	31¼	−⅜
Weyerhaeuser	446,100	25⅞	−⅜
Squibb	233,300	31⅞	+⅛
General Motors	228,300	58⅞	+⅛
Gen. Tel. and Elect.	217,500	29⅞	−⅛
Gulf United	207,900	13⅜	—
Texas Utilities	196,300	20	−⅛
British Petroleum	191,600	15⅜	−⅛
Exxon	159,900	44⅞	+⅛
Georgia Pacific	152,900	25	−⅜

OTHER MARKETS

Canada easier

Canadian Stock Markets continued to show an easier bias yesterday with the Toronto Composite Index shedding 0.7 to 1,005.6. Golds came back 18.2 to 1,379.4 and Banks declined 1.41 to 228.28, but Oils and Gas strengthened, rising 11.1 to 1,348.7 on index, and Utilities put on 0.31 to 160.65.

PARIS—Shares slipped further, adversely affected by the disagreement on election tactics among members of the ruling coalition and the renewed volatility of currency markets.

Aquitaine retreated 6.0 to Frs.313.5, CIT Alcatel 20 to Frs.826, Telemecanique 22 to Frs.557, and Thomson Brandt 3.5 to Frs.130.8.

BRUSSELS—Local issues mostly plotted a downward course in moderate trading.

Petrofina receded 90 to B.Frs.3,580, Solvay 70 to B.Frs.2,170, and Traction Electric 60 to B.Frs.2,370, but Electrobel advanced 50 more to B.Frs.6,010.

U.K. stocks were mixed, while U.S., French, German and Dutch shares weakened. Gold Mines were little changed.

GERMANY—The market closed on a mixed note.

Hoechst lost DM2.40 in easier Chemicals, while Kaufhof led Stores lower with a fall of DM4. However, Conti Gummi advanced DM2.60 more in Rubbers, while firm Banks had Deutsche DM3 higher.

Volkswagen were heavily traded in Motors, rising 90 pfennigs, but Mercedes fell DM3.50.

On the Bond market, demand was strong for the new Federal Railway Loan, which was quoted around 100.30 to 100.45 in pre-issue dealings against a par issue price, and this firmer mood was reflected in prices generally.

Public Authority Bonds gained up to DM0.30 and the Regulating Authorities sold DM30.6m. nominal of stock (DM10.7m.). Mark Foreign Loans were steady.

AMSTERDAM — Market was mixed with an easier bias.

Dutch Internationals were mainly lower, led by Unilever, down Fls.0.70, but Hoogovens firmed Fls.0.20.

Transport shares were mixed, with Van Ommeren up Fls.1.50 and KLM Fls.0.60 higher, but KNSM and NedLloyd lost ground. Elsewhere, Elsevier declined Fls.4 and Robeco Fls.2.20.

State Loans strengthened.

COPENHAGEN — Narrowly mixed after moderate activity, although Burmeister and Wain rose 12 more to Kr.424.

SWITZERLAND—Prices declined following the fresh fall in the dollar, but recovered later to finish with irregular movements.

Landis and Gyr Registered and Participation Certificates rose on further consideration of the planned capital increase.

Nestle ended 40 higher at Sw.Frs.3,570 and Swiss Reinsurance were 90 up at Sw.Frs.4,850, but Swissair closed 8 down at Sw.Frs.792.

MILAN—There was a widespread improvement in active dealings.

Magneti Marelli firmed on announcing proposed scrip and rights issues.

Fiat moved ahead 24 to L1,914, Olivetti Privileged 18 to L748, and Anic 9 to L124.

SPAIN — Market sustained a fresh decline across a broad front, the General Index closing 1.22 weaker at a new 1977-78 low of 96.98. Among Industrials, SEAT shed 4 points more to 87, but Femsa provided a firm spot at 74¼, up 3¼.

HONG KONG—Further ground was lost on local and Overseas selling, but volume was relatively small.

Hong Kong Bank receded 50 cents to $HK16.20, Jardine Matheson 20 cents to $HK10.80, and Swire Pacific "A" 5 cents to $HK5.00.

TOKYO—Shares closed lower after a firm start, with some export-orientated issues falling amid caution over the Yen's renewed appreciation. The Nikkei-Dow Jones Average declined 11.25 to 4,995.98. Volume 240m. shares (280m.).

However, some video tape recorder shares, such as Sony, Y20 up at Y1,770, Victor of Japan and Matsushita Kotobuki rose, while Foods and Pharmaceuticals improved in places.

JOHANNESBURG — Golds generally improved in quiet trading on the higher Bullion price. Advances of up to 100 cents were scored by Heavyweights while, elsewhere, gains ranged to 40 cents.

Coppers had Palamin 30 cents firmer at R6.50, but Asbestos issue Gefco shed 5 cents to R2.50.

Industrials were occasionally easier in a thin trade, although Rembrandt rose 10 cents to R3.55.

AUSTRALIA—After tending to move lower on concern over the U.S. dollar's weakness, stock prices met late bargain hunting to finish on a mixed note.

Bank of NSW lost 4 cents to $A5.26 in easier Banks. Industrial leader BHP were just 2 cents down on the day at $A5.34, while Oakbridge managed an improvement of 5 cents at $A1.65 and Nicholas were 3 cents harder at 93 cents.

Consolidated Goldfields were notable for an advance of 15 cents to $A2.50, while fellow Gold issue Central Norseman rose 6 cents to $A7.56. Uraniums had Peko-Wallsend 10 cents up at $A5.20.

Dollar erratic

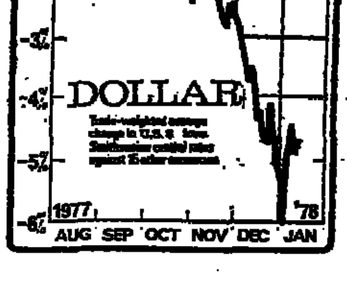
The dollar moved very erratically in the foreign exchange market yesterday. Initial sentiment was heavily against the dollar, following indications that Saudi Arabia may not be happy to receive future payments for oil in dollars, and adverse reaction to comments made by Mr. Michael Bluementhal, the U.S. Treasury Secretary, about U.S. policy.

Support from the authorities in Germany and Switzerland helped the U.S. unit to recover, and there may also have been some intervention by the Bank of England when sterling touched a best level of $1.9665-1.9675 in the morning. At the same time the D-mark rose to DM2.08 against the dollar, and the Swiss franc to Sw.Frs. 1.9200.

European central bank intervention pushed up the dollar, but the sharpest rise occurred after substantial intervention by the Federal Reserve when the New York market opened. The D-mark fell to DM2.15 in terms of the dollar, and the Swiss franc to Sw.Frs.1.9950, before closing at DM2.1375 and Sw.Frs.1.9850 respectively.

Sterling also fell sharply to $1.9000-1.9100, before finishing at $1.9200-1.9250, a fall of 1.65 cents on the day. Dealing spreads were very wide for all currencies, reflecting the very nervous state of the market. The pound's trade-weighted index, as calculated by the Bank of England, was unchanged at 65.8.

Gold rose $¾ to $172¾-173¼ in nervous trading, strongly influenced by movements of the dollar in the foreign exchange market.



CURRENCY RATES

	Special Drawing Rights January 12	European Unit of Account January 12
Sterling	0.627789	0.635183
U.S. dollar	1.21791	1.23100
Canadian	1.33727	1.35534
Austria sch.	18.3965	18.6206
Belgian franc	39.6917	40.1182
Danish krone	6.96645	7.05255
Deutschemark	2.56553	2.59369
Dutch guilder	2.74882	2.77864
French franc	5.70956	5.77386
Italian lira	1059.56	1071.95
Japanese yen	292.298	295.857
Norway krone	6.21743	6.30789
Spain peseta	97.9248	99.0511
Swedish krone	5.63222	5.71688
Swiss franc	2.39441	2.41967

EXCHANGE CROSS-RATES

Jan. 12	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.1040-55	44.60-75	6.455-465	4.070-080	93.30-55	107.15-7.65
New York	46.80-47.00	—	21.15-26	—	1.9290-9340	43.80-44.00	50.35-45
Paris	222.45-.95	4.682-694	—	14.387-421	9.0775-0975	207.7-8.2	238.15-65
Brussels	15.43-48	32.52-57	6.93-96	—	62.90-63.09	14.42-46	16.50-58
London	4.09¼-11¼	1.9200-50	8.06-08	63.50-50	—	4.36¼-38¼	3.80-82
Amst dam	107.06-11	2.2557-82	48.125-175	6.9325-75	4.3745-3795	—	114.575-625
Zurich	93.213-492	1.9640-90	41.908-929	6.0190-0563	5.2072-8179	87.018-035	—

U.S. $ in Toronto U.S. $ = 109.87-89 Canadian cents.
Canadian $ in New York = 91.03-04 cents. U.S. $ in Milan 870.00-60.
Sterling in Milan 1687.00-1628.00.

EURO-CURRENCY INTEREST RATES*

Jan. 12	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss franc	W.German mark
†short term	—	6-7	6¾-7	5¼-5½	par-⅛	2⅞-3
7 days notice	—	6⅝-7⅛	6⅞-7⅛	5¼-5½	par-¼	2⅞-3
Month	6⅜-6⅝	6⅝-7	7⅛-7⅜	5⅜-5⅝	⅝-¾	2¾-2⅞
Three months	6⅜-6⅝	6⅞-7¼	7½-7¾	5⅜-5⅝	15/16-1 1/16	2 1/16-2 3/16
Six months	6 7/16-6 11/16	7 1/16-7 5/16	7¾-8	5⅜-5⅝	1⅜-1½	2 15/16-3 1/16
One year	7⅛-7⅜	7 5/16-7 11/16	7⅞-8⅛	5⅝-5⅞	1 13/16-2 1/16	3⅛-3¼

Euro-French deposit rates: two-day 5¾-5⅞ per cent.; seven-day 9½-9¾ per cent.; one-month 11¼-11½ per cent.; three-month 12¼-12¾ per cent.; six-month 13½-13⅞ per cent.; one year 13¼-13½ per cent.

Long-term Eurodollar deposits: two years 8-8¼ per cent.; three years 8¼-8⅜ per cent.; four years 8¼-8½ per cent.; five years 8¼-8⅝ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.15-7.25 per cent.; three-month 7.35-7.45 per cent.; six-month 7.65-7.75 per cent.; one-year 7.85-7.95 per cent.

* Rates are nominal closing rates.

Shortterm rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	Jan. 12
Gold Bullion (a fine ounce)	
Close	$172¾-173¼
Opening	$174¾-175½
Morningfix'g	$174.20 (£89.563)
Aftern'nfix'g	$173.65 (£89.436)
Gold Coin domestically	
Krugerrand	$178-180 (£92¾-93¾)
New Sov'gns.	$52¾-54¾ (£27½-28½)
Old Sov'rgns	$51-53 (£26½-27½)
Gold Coins (Internat'lly)	
Krugerrand	$178-180 (£92¾-93¾)
N'w Sovr'gns	$53-54 (£27-28)
Old Sovr'gns	$51-53 (£26½-27½)
$20 Eagles	$254½-257½

FOREIGN EXCHANGES

Jan. 12	Bank Rates %	Market Rates Day's Spread
New York	6½	1.9000-1.9675
Montreal	7½	2.1075-2.1650
Amsterdam	4½	4.35-4.40
Brussels	6½	62.50-63.60
Copenhagen	9	10.89-11.20
Frankfurt	3	4.04-4.12
Lisbon	13	75.50-78.00
Madrid	8	154.25-157.75
Milan	11½	1,672-1,709
Oslo	6	9.84-9.98
Paris	9½	9.00-9.17
Stockholm	8	8.92-9.05
Tokyo	4¼	458-475
Vienna	5½	29.00-29.60
Zurich	1½	3.77-3.85

‡ Rates given are for convertible francs. Financial franc 63.35-63.55.

OTHER MARKETS

Argentina	1190.50-.70
Australia	1.6901-1.7071
Brazil	30.74-30.94
Finland	7.74-7.77
Greece	68.575-70.082
Hong K'ng	8.9050-8.9250
Iran	135-139
Kuwait	0.542-0.547
Luxemb'g	63.30-63.50
Malaysia	4.57-4.59
N. Zealand	1.8791-1.8979
Saudi Arab	6.71-6.81
Singapore	4.5550-4.5250
S. Africa	1.6697-1.6856
U.S.	
Canada	
CSL	
U.S. cents	91.01-91.04

Rate given for Argentina is a free rate.

FORWARD RATES

	One month
New York	0.05-0.15 c. dis
Montreal	par-10 c. dis
Amst'dam	¾ c. pm-¼ c. dis
Brussels	11-20 c. dis
Cop'nhgn	16¼-18¼ ore dis
Frankfurt	1¾-¾ pf. pm
Lisbon	55-155 c. dis
Madrid	90-160 c. dis
Milan	16-22 lire dis
Oslo	12½-14½ ore dis
Paris	2¾-3¾ c. dis
Stockh'lm	4¾-6¾ ore dis
Vienna	7-17 gro dis
Zurich	2⅝-1⅝ c. pm

Six-month forward dollar 0.87-0.97c dis. 12-month 1.15-1.25c dis.

Indices

NEW YORK -DOW JONES

	Jan. 12	Jan. 11	Jan. 10	Jan. 9	Jan. 6	Jan. 5	1977-78 High	1977-78 Low	Since compilation High	Since compilation Low
Industrial	778.15	775.90	781.53	784.56	793.49	804.92	999.75 (3/1/77)	775.90 (11/1/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	89.70	89.89	90.16	90.15	90.52	90.79	95.87 (7/9)	89.70 (12/1/78)	—	—
Transport	207.64	205.69	205.74	206.61	210.17	215.97	246.64 (16/5)	199.60 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.46	106.60	107.04	107.50	109.24	110.67	118.67 (22/2)	104.97 (25/2)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's †	25,730	22,880	26,180	27,890	26,150	23,570	—	—	—	—

* Basis of index changed from August 24.

	Jan. 6	Dec. 30	Dec. 23	Year ago (approx.)
Ind. div. yield %	5.80	5.53	5.54	4.16

STANDARD AND POORS

	Jan. 12	Jan. 11	Jan. 10	Jan. 9	Jan. 6	Jan. 5	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	98.89	98.75	99.27	99.86	100.80	101.97	118.92 (3/1/77)	98.75 (11/1/78)	134.54 (11/1/73)	3.52 (30/6/32)
§Composite	89.82	89.74	90.17	90.69	91.62	92.74	107.00 (3/1/77)	89.74 (11/1/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 11	Jan. 4	Dec. 28	Year ago (approx.)
Ind. div. yield %	5.18	4.96	4.90	3.77
Ind. P/E Ratio	8.65	9.01	9.15	11.21
Long Govt. Bond yield	8.19	8.04	8.02	5.81

N.Y.S.E. ALL COMMON

Jan. 12	Jan. 11	Jan. 10	Jan. 9	1977-78 High	1977-78 Low
49.60	49.52	49.77	50.06	57.07 (4/1/77)	49.52 (11/1/78)

Rises and Falls

	Jan. 12	Jan. 11	Jan. 10
Issues traded	1,834	1,858	1,882
Rises	745	542	429
Falls	594	862	1,031
Unchanged	495	454	422
New Highs	13	5	4
New Lows	86	108	125

		Jan. 12	Jan. 11	Jan. 10	Jan. 9	1977-78 High	1977-78 Low
MONTREAL	Industrial	167.05	167.15	168.10	168.25	186.47 (17/3)	158.02 (25/10)
	Combined	173.41	173.56	174.86	174.95	187.95 (19/1/77)	166.60 (25/10)
TORONTO	Composite	1005.6	1006.3	1012.9	1012.5	1067.4 (19/7)	961.0 (25/10)
JOHANNESBURG	Gold	211.4	209.5	210.2	208.0	214.7 (17/10)	139.4 (24/5)
	Industrials	211.8	212.0	213.1	215.1	214.4 (4/1/78)	169.1 (22/4)

	Jan. 12	Previous	1977-78 High	1977-78 Low
Australia (‡)	461.66	465.40	479.45 (3/1/78)	418.85 (16/2)
Belgium (§)	90.43	91.14	99.12 (10/1/77)	90.43 (13/1)
Denmark (**)	96.99	97.18	107.92 (9/6)	95.64 (28/11)
France (††)	51.5	52.4	58.4 (7/1/77)	45.5 (10/6)
Germany (‡‡)	796.3	797.1	813.3 (17/11)	712.6 (10/3)
Holland (§§)	80.3	80.6	93.2 (4/5)	75.6 (29/9)
Hong Kong (¶¶)	384.41	388.59	425.17 (11/6)	384.41 (12/1)
Italy (‖)	56.73	56.98	75.71 (6/1/77)	54.90 (22/12)
Japan (a)	372.38	373.74	390.93 (29/9)	350.49 (24/11)
Singapore (b)	263.63	263.31	268.02 (29/8)	242.21 (5/5)
Spain (d)	96.98	98.20	100.00 (31/12)	96.98 (12/1)
Sweden (e)	339.63	337.36	416.68 (22/3)	286.68 (24/11)
Switzerl'd (f)	296.2	295.0	316.8 (14/10)	280.5 (5/3)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975) † Excluding bonds. ‡ 400 Industrials § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970 (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73 (a) Tokyo New SE 4/1/68. (b) Straits Times 1966 (c) Closed. (d) Madrid SE 31/12/77 (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. 31/12/58. (u) Unavailable

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—66¼% (66¼%).

NEW YORK

Stock	Jan. 12	Jan. 11
Abbott Labs	50¾	50
Addressograph	14	14
Corning Glass	47⅝	47⅞
CPC Int'national	44¼	44¼
Crane	24¾	25
Crocker Nat.	23	22⅞
Johns Manville	28½	28¾
Johnson Johnson	69¾	68⅞
Johnson Control	25⅛	24¾
Joy Manufactur'g	31⅞	31¼
Revlon	41½	40¾
Reynolds Metals	29⅝	29⅝
Reynolds R. J.	55⅝	55⅜
Rich'son Merrell	22	22¼
Rockwell Inter	29	29
Rohm & Haas	29	29
Woolworth	18⅛	18
Wyly	0⅞	0⅞
Xerox	45⅛	45
Zapata	19⅛	17¾
Zenith Radio	13¼	13¼
U.S. Treas 4% 1980	93¾	93⅝

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ⊕ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. ‡ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

GERMANY ◆

Jan. 12	Prices Dm.	+ or —	Div. %	Yld. %
AEG	90.0	+0.2	—	—
Allianz Versich	479	+1	18	1.9
BMW	227.5		20	4.4
BASF	135.0	−1.7	17	6.3
Bayer	131.7	−1.3	16	6.1
Bayer. Hypo	281xd	+4	20	3.6
Bayer. Vereinsbk	314	+4	20	3.2
Ciba Int. Ned. wrts	155		—	—
Commerzbank	219.0	−1.2	18	4.1
Conti Gummi	73.8	+2.6	—	—
Daimler Benz	321.7	−0.8	19	2.9
Degussa	268	−2	18	3.3
Demag	150		14	4.7
Deutsche Bank	305	+3	20	3.3
Dresdner Bank	243.8	+3.3	20	4.1
Dyckerhoff Zem	154.8	+1.8	4	1.3
Gutehoffnung	209	−2	12	2.9

TOKYO ¶

Jan. 12	*Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	316	−1	14	2.2
Canon	423	−5	12	1.4
Casio	546	−1	25	2.3
Chinon	395	−6	20	2.5
Dai Nippon Print	525	−9	18	1.7
Fuji Photo	492	+1	15	1.5
Hitachi	186	−2	12	3.2
Honda Motors	456	−4	18	2.0
House Food	869	+1	35	2.0
C. Itoh	237	−3	12	2.5
Ito-Yokado	1,250	−40	30	1.2
Jaccs	490		13	1.3
J.A.L.	2,690	−40	—	—
Kansai Elect. Pw.	1,110	−40	10	4.5
Komatsu	279		18	3.2
Kubota	270	−2	15	2.8
Kyoto Ceramic	2,330	+40	35	0.8
Matsushita Ind.	568	−4	20	1.8
Mitsubishi Bank	279	−1	10	1.8
Mitsubishi Heavy	138	−5	12	4.3
Mitsubishi Corp.	412	+4	13	1.6
Mitsui & Co.	312	−4	14	2.2
Mitsukoshi	518	−2	20	1.9
Nippon Denso	976	+3	15	0.8
Nippon Shinpan	660	−5	18	1.1
Nissan Motors	697	+5	16	1.1
Pioneer	1,360		48	1.8
Sanyo Electric	200	−1	12	3.0
Sekisui Prefab	1,000		30	1.5
Shiseido	955	−3	20	1.0
Sony	1,770	+20	40	1.1
Taisho Marine	256	+1	11	2.1
Takeda Chemical	262	−3	15	2.9
TDK	1,400	+10	30	1.1
Teijin	110		10	4.5
Tokio Marine	500	−5	11	1.1
Tokio Elect Pow'r	1,160	−20	8	3.4
Tokyo Sanyo	226	−10	12	2.7
Tokyo Shibaura	121	−2	10	4.1
Toray	120		10	4.2
Toyota Motor	748	+1	20	1.3

Source Nikko Securities Tokyo

BRUSSELS/LUXEMBOURG

Jan. 12	Price Frs.	+ or —	div. Frs. Net	Yld. %
Arbed	2,050	−10	—	—
Bq. Brx. Lamb.	1,438	+6	60	4.2
Bekaert "B"	1,780	−20	112	6.3
C.B.R. Cement	1,194	−8	90	7.5
Cockerill	390	+10	—	—
EBES	2,335	−20	177	7.6
Electrobel	6,010	+50	430	7.2
Fabrique Nat.	2,485	−6	170	6.9
G.B. Inno-Bm.	1,860	−10	130	7.0
Gevaert	1,206	−8	80	6.6
Hoboken	2,635		160	5.9
Intercom	1,790	−5	142	7.9
Kredietbank	6,330	−20	265	3.8

AUSTRALIA

Jan. 12	Aust. $	+ or —
ACMIL (25 cent)	†0.72	−0.01
Acrow Australia	†0.80	
Allied Mnfg-Trdg. Indus $1	†2.25	+0.02
Ampol Exploration	†1.25	−0.05
Ampol Petroleum	†0.79	+0.02
Assoc. Minerals	†0.88	
Assoc. Pulp Paper $1	†1.03	−0.02
Assoc. Con. Industries	†1.78	+0.02
Aust. Foundation Invest.	†1.00	
A.N.I.	†1.53	
Audimco	†0.35	−0.02
Aust. Oil & Gas	†0.25	+0.01
Blue Metal Ind.	†0.95	−0.02
Bougainville Copper	†1.02	+0.01
Broken Hill Proprietary	†5.34	−0.02
BH South	†0.95	
Carlton United Brewery	†1.88	−0.02
C. J. Coles	†1.87	+0.02
CSR ($1)	†2.97	+0.12
Cons. Goldfields Aus.	†2.46	+0.15
Container ($1)	†2.12	
Conzinc Riotinto	†2.15	+0.04
Costain Australia	†1.31	+0.01
Dunlop Rubber ($1)	†1.34	+0.01
ESCOR	†0.95	
Elder Smith	†1.85	−0.03
E.Z. Industries	†2.12	−0.03
Gen. Property Trust	†1.40	
Hamersley	†2.20	
Hooker	†0.75	
I.C.I. Australia	†2.04	−0.01
Inter-Copper	†0.29	
Jennings Industries	†1.31	−0.01
Jones (David)	†1.00	
Metals Exploration	†0.17	−0.02
MIM Holdings	†1.72	+0.02
Myer Emporium	†1.90	
News	†2.15	
Nicholas International	†0.93	+0.05
North Broken H'dings (50c)	†1.10	+0.02
Oakbridge	†1.65	+0.05
Oil Search	†0.09	−0.01
Pioneer Concrete	†1.41	+0.01
Reckitt & Colman	†3.30	+0.05
H. C. Sleigh	†0.77	−0.01
Southland Mining	†0.19	
Tooth ($1)	†1.80	+0.04
Waltons	†0.92	
Western Mining (50 cents)	†1.19	+0.01
Woolworths	†1.59	−0.01

PARIS

Jan. 12	Price Frs.	+ or —	Div. Frs.	Yld. %
Rente 4½%	700.5	+4.0	4½	0.6
Afrique Occid'tle	312.0	−2.9	21.15	6.8
Air Liquide	244	−4	16.5	6.8
Aquitaine	513.5	−6.0	24	7.6
BIC	490	−4	11.16	2.3

BRAZIL

Jan. 12	Price Cruz	+ or —	Div. Cruz
Acesita	1.40	+0.06	0.12
Banco Brazil PP	4.15	+0.15	0.18
Belgo Mineira OP	1.69	−0.05	0.12
Docas OP	0.97	+0.02	0.14
Lojas Amer. OP	3.62	+0.02	0.20
Mannesman OP	2.58	+0.05	0.18
Petrobras PP	2.95	+0.16	0.10
Pirelli OP	1.96	+0.10	0.16
Souza Cruz OP	3.35	+0.05	0.23
Vale Rio Doce PP	1.63		0.13

Vol. Cr.133.0m. Shares 55.3m.
Source: Rio de Janeiro SE.

OSLO

Jan. 12	Price Kroner	+ or —	Div. %
Bergen Bank	99	−1	10
Borregaard	60	−1	4
Creditbank	113	−1	11
Kosmos	295	−5	20
Kreditkassen	111.5	−1.0	11
Norsk Hydrokr.	185.0	−2.5	12
Storebrand	88.25		9

JOHANNESBURG

MINES

Jan. 12	Rand
Anglo American Corpn.	5.15
Charter Consolidated	†3.30
East Driefontein	12.25
Elsburg	2.29
Harmony	7.00
Kinross	6.15
Kloof	9.15
Rustenburg Platinum	1.43
St. Helena	†15.60
South Vaal	9.50
Gold Fields SA	22.50
Union Corporation	4.95
De Beers Deferred	5.83
Blyvooruitzicht	6.60
East Rand Pty.	6.50
Free State Geduld	25.75
President Brand	16.50
President Steyn	13.00
Stilfontein	4.90
Welkom	4.35
West Driefontein	35.25
Western Holdings	†28.50
Western Deep	13.00

INDUSTRIALS

	Rand
AECI	2.30
Anglo-Amer. Industrial	38.90
Barlow Rand	3.62
CNA Investments	1.35
De Beers Industrial	†6.40
Edgars Consolidated Inv.	1.45
Edgars Stores	†20.50
Ever Ready SA	†1.72xd

FARMING AND RAW MATERIALS

eed grain ncluded in vheat talks

Our Commodities Editor

SEPARATE sub-group on e grains will be included in conference which will start Geneva next month to tiate a replacement for the national Wheat Agreement h expires on June 30.

is was decided after lengthy te at the two-day meeting the International Wheat icil in London, which ended on Wednesday night.

e meeting endorsed a pro- l to call a negotiating con- ice from February 13 to h 23, but several member tries were strongly opposed e idea of *including coarse* s in the wheat agreement tiations.

e EEC argued strongly that coarse grains — notably e and barley — were inter- geable in some uses, ndent on prices, it was al to seek stability in both ps. Mr Bob Bergland, U.S. etary of Agriculture, had idy bowed to EEC pressure ng his recent visit to pe for coarse grains to be ided, but other wheat export- countries were still opposed, cially as the Geneva con- ice debate could cloud even er negotiations *in* the Tokyo id of multilateral trade tiations under GATT

e other *fundamental dis*- ement between member itries on the price provisions r the proposed new agree- t was left for debate at Geneva conference.

hina seeking J.S. cotton

NEW YORK, Jan. 11.

NA IS seeking to buy an etermined quantity of U.S. on, according to leading chants here. They believe a might already have con- ed some business.

ids from China are low "but very likely that some sales develop," a West Coast chant said.

otton futures traders at the York Commodity Exchange tre reported China was bid- ; 53.50c a lb for prompt very cotton. It was rumoured 000 bales might have been ght

prominent Texas merchant ed: "foreign cotton prices are ing into line with U.S. tations and this should italise the export market in coming months."

be lower value of the dollar relation to other currencies made U.S. cotton much more active to foreign buyers.

iter

New forecast of cocoa surplus

BY RICHARD MOONEY

WORLD COCOA production is expected to exceed consumption by 39,000 tonnes in the 1977-78 season, according to the latest figures published by the International Cocoa Organisation.

In its latest Quarterly Statistical Bulletin the organisation puts world production at 1,428,000 tonnes, after a 1 per cent. allowance for loss of weight during processing, and consumption at 1,389,000 tonnes.

The balance differs significantly from the 33,000 tonnes deficit predicted by the organisation's executive committee in October but is still some way short of the 99,000 tonnes surplus estimated by London merchants Gill and Duffus last month.

The production forecast is 45,000 tonnes higher than the previous ICCO figure and indicated consumption 27,000 tonnes lower. *The latest figures have been compiled by the organisation's secretariat,* whereas the October estimate resulted from negotiations among its members.

The difference between the committee's figures and the secretariat's is mainly due to estimated production in the Ivory Coast and the Dominican Republic.

The secretariat puts Ivory Coast production at 245,000 tonnes, 25,000 tonnes above the *previous estimate, and Dominican* Republic production 10,000 tonnes higher at 40,000 tonnes.

Brazilian 1977-78 production is now put at 245,000 tonnes against 240,000 in the committee's forecast and Nigeria's at 200,000 tonnes against 195,000.

Most of these new figures are still well below the Gill and Duffus forecasts. *The London* merchants put the Ivory Coast crop at 255,000 tonnes and Nigeria's at 220,000 tonnes.

The ICCO forecast had virtually no effect on sentiment in the London cocoa futures market, where the Gill and Duffus estimate is generally preferred.

Traders were similarly unmoved by the Ghana Cocoa Marketing Board's confirmation of its figure of 120,415 tonnes for main crop cocoa purchases to January 9. Most dealers still believe the up-to-date total is more than 139,000 tonnes.

Cocoa trading was quiet throughout the day.

Botswana's beef export setback

BY BERNARD SIMON *JOHANNESBURG, Jan. 12.*

BOTSWANA'S BEEF industry, which is the country's second largest export sector and a major provider of employment, is in serious difficulties following an outbreak of foot-and-mouth disease last year.

The country's only abattoir, at Lobatsi, has been idle since early November. Since most of Botswana's beef production is exported to the EEC, slaughtering cannot begin again until Community health inspectors are satisfied that the foot-and-mouth outbreak has been contained. It was originally hoped to re-open the abattoir last week, but continuing problems in the northern Orapa region have *delayed* a decision until early February.

Meanwhile, Botswana's beef exports are dwindling. Up to mid-December, the export programme was maintained at near-normal levels, thanks to large stocks in the cold storage depot in Cape Town.

Mr. Bill Harvey, deputy *manager* of the Botswana Meat Commission, estimates that earnings from beef totalled 53m. Pula (about £34m.) in 1977. But had the abattoir stayed open, the figure might have been higher than the previous year's record earnings of 56m. Pula.

Exports at present are "very limited," according to Mr. Harvey. He says stocks in Cape Town will "shortly be exhausted." South Africa, for instance, bought only 59 tons of Botswana beef last week, compared with the normal weekly quota of 200 tons. Total purchases by South Africa during December amounted to less than 400 tons.

The Botswana Meat Commission is taking steps to ensure that any future outbreaks of foot-and-mouth disease do not debilitate the industry. It has bought an engineering workshop in Lobatsi close to the abattoir which has been converted to a canning plant. The Commission hopes to have this plant in operation by April.

Call for control on land sales

By John Cherrington

FOREIGN BUYERS of farm land in Britain should face the same restrictions as U.K. citizens who want to buy Farms in other EEC countries. This is one of the central demands in the British farm unions' ***evidence to the Northfield*** **Committee inquiry into land ownership.**

The unions also claim that individual farmers are at a disadvantage with institutions in competition for land because of the effects of capital taxation.

The National Farmers' ***Union demands a mitigation of*** **both capital transfer tax and capital gains tax, and suggests that the latter should be charged only on real gains and not on lifetime gifts, particularly to sons and daughters.**

Comparable relief from such taxes should be given to bona fide agricultural landlords. The unions completely reject any nationalisation of land. They say it would make farming dependent on political and administrative whims and would breed mistrust and cynicism among farmers.

Brazil coffee chief hints at retirement

RIO DE JANEIRO, Jan. 12.

SR. CAMILLO Calazans, president of the Brazilian Coffee Institute, said he thought the institute should have a new head when General Geisel's term of office as President of Brazil ends in March 1979.

Sr. Calazans, who became IBC president in March 1974, said five years was a good time for anyone to head the institute.

Reuter.

Record U.S. soyabean sowing possible

HUDSON, Jan. 11.

U.S. SOYABEAN acreage this spring will probably equal or exceed last year's record, according to the American Soyabean Association's publication Soyabean Update.

Last August the area planted to soyabeans for 1977 was estimated at 59.3m. acres. The U.S. Department of Agriculture put the area eventually harvested at 58.1m. acres, which produced an estimated crop of 1,682.7m. bushels.

U.K. FARM PRICE REVIEW

No basis for expansion

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE ANNUAL REVIEW of Agriculture — out yesterday — is generally regarded by farmers as an inaccurate reflection of their position. It is apt to be used by governments as an excuse for keeping prices down.

Ministers, on the other hand, interpret the findings in most cases as a justification for past policies.

Overall, the results do not support the cries of disaster and lack of confidence endlessly reiterated by the National Farmers Union.

This is because the year under review which ended in November, 1977, has shown a dramatic recovery in yields from the low levels reached in 1975-76. Output is back to the level of 1974. Since the last review agricultural net income, excluding stock appreciation, has risen from £1,158m. to £1,348m. This represents little *change in real terms but in the* context of other branches of industry could be considered satisfactory.

Farmers will point at once to the fact that this leaves them standing still, and will point to the forecast that investment in new fixed equipment, especially in buildings and works is likely to fall.

Cost increases have fallen from £895m. in 1976 to £322m. Gross capital formation—that is the investment by landlords, tenants and owner-occupiers has risen by £250m.—which in real terms means a period of marking time, bearing in mind inflation.

The reason for the farmers' distrust of the findings is that it is extremely difficult to relate the figures in the review to the actuality on the average farm. A great deal of the review is no more than an estimate of what is in store to be sold, such as grain, and an estimate of the price which it might fetch.

Bearing these qualifications in mind the review does provide some interesting differences between various sections of the industry.

Beef herd

Sheep farmers have obviously had a good year with net income up by 29 per cent. in England, 54 per cent. in Wales, and 43 per cent. in Scotland. This is a reflection of much better prices. The recovery of pastures from the drought will have had some influence although the year re*ferred to—in this case the end* of April, 1977. Conditions since have been even more favourable and sheep farmers should be happy.

There are no separate figures for beef production, but the net income results for farms where cattle and sheep are kept do not show anything like the increase that they do for sheep. This is reflected by an expected decline of 4 per cent. in the beef breeding herd, while the dairy herd is showing a slight increase.

It is probable that the pure beef herd will be showing a continuing decline. Farmers are finding that the beef animal is difficult to produce economically at present costs and returns.

Milk production is likely to show an overall increase of 4.5 per cent. in 1977. But market prospects are rather poor, with a slight fall in the liquid market and a very difficult competitive situation for milk products. Milk is no longer price guaranteed by the Government and farmers' returns are based on the liquid and milk product markets, the latter supported by EEC intervention.

Dairy farmers no more than held their own in the year to *last April, but this covered a* difficult period in the 1976 drought. This year increasing yields, good fodder supplies, cheaper feed and an increased price should enable a sizeable increase in net income next year.

Arable cropping farmers showed no great differences over the past two years because of *the influence of high potato* prices during both of them. This section could show a decline in net income in the curent year as potato prices have collapsed as a result of a much bigger 1977 crop. Pure cereal cropping farms should show some improvement.

The only sector in real difficulty is pigs. The White Paper seems a little too optimistic when it believes that profitability will return to this sector. There are two reasons.

The effects of monetary compensatory amounts on bacon and ham imports have been well publicised, and unless rectified will undoubtedly inhibit expansion. The pork market, while showing signs of improvement, is still very fragile. There does not seem to be much expansion of consumer demand in prospect.

The main factor in improving margins has been a fall in the cost of feed, particularly home-grown barley due to the good harvest.

Few farmers realise that a combination of some devaluation of the green pound, plus a more normal harvest, could help push current U.K. grain prices up to EEC levels, which are at least 25 per cent. above those ruling here at the moment.

Feed costs

The possibility of these increases in feed costs could materially affect the fortunes of the whole livestock industry.

To sum up, while the White Paper presents the picture of a *relatively viable farming industry* it does not to my mind indicate any solid grounds for expansion in production. In view of the problematic nature of demand for the main products this is probably just as well

● Britain's livestock industry is in jeopardy because of the Government's failure to "come to terms with facts," Mr. John *Peyton, Tory Agriculture spokes*man, said yesterday.

Mr. Peyton, MP for Yeovil, told the Kent Conservatives annual meeting he was "astonished" by a bland statement from to-day's Agricultural White Paper that farming showed a "dramatic recovery" last year.

Gloomy outlook for base metals

BY JOHN EDWARDS, COMMODITIES EDITOR

LOWER PRICES for lead, tin and zinc in 1978, and a setback for copper in the second half *of the year*, are forecast in the annual review issued by the Amalgamated Metal Corporation in London yesterday.

The somewhat gloomy review says the recent low growth rate of the world economy has provided an insufficient base for real increases in commodity prices to occur.

The balance between growth worldwide, even of modest proportions, and a recession starting to appear by the end of 1978 is finely drawn.

It is becoming increasingly recognised that measures will have to be taken to redress the revenue shortfalls of developing countries dependent on commodities such as copper, the review says.

It predicts that both developing and industrial countries might support the proposed "dispersed stockpile" scheme, under which limited national stocks are held by producing countries but financed by internationally-backed "soft" loans.

The ultimate success of the scheme depends on linking it with production controls, the review says.

Dealing with individual metals, the review forecast an increase in the world copper price to about 65 cents a pound in the first half of 1978. But it believes a price fall is in prospect after mid-year unless there is a significant improvement in production discipline and further major closures.

A big surprise is the prediction that there will be a surplus of about 70,000 tonnes of lead production over demand this year.

"Surpluses of this size in previous years have caused major declines in lead prices so that a fall to under £300 a tonne is not inconceivable."

On zinc it is claimed that further falls in prices this year "would seem unavoidable." A surplus in supply of about 385,000 tonnes is predicted and it would seem that further closures in smelter and mine capacity are likely during the year.

The single most important factor in the tin market this year is expected to be the possible sale by the U.S. Government of about 30,000 tonnes of stockpile tin.

Rubber buffer stock plan shelved

KUALA LUMPUR, Jan. 12.

LEADING NATURAL rubber-producing countries have decided to shelve plans to establish a rubber buffer stock because of the current bullish market trend.

The decision was reported in a joint communique at the end of a three-day meeting of the International Natural Rubber Council.

It said the council felt that for the immediate months ahead, the market certainly would be bullish and there wouldn't be any occasion for buffer stock operations.

OMMODITY MARKET REPORTS AND PRICES

ASE METALS

IPPER—Steady overall on the London al Exchange in a market restrained sharp currency movements. Forward al moved up from £672 to £678 in r *thin trading but settled around*

?PER	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
ebars				
....	660.5-1	......	660-.5	—1
nths..	674.5-5	—.5	673-4	—2
'm'nt	661	......	—	......
odes				
....	649-50	—.75	650-.5	—.5
nths..	663-.5	—1	663-.5	—1.5
'm'nt	650	—.5	—	......
Smt..	—	......	60-62.5	......

£676 in fairly good volume during second morning ring. In the afternoon currencies dominated, trading and the price moved from £673 to £677.5 before closing on the Kerb at £675 against the background of a lower Comex price. Turnover 21,500 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £661, three months £675, 74.5, 75, 75.5, 76, 75.5, 75. Cathodes, three months £663. Kerb: Wirebars, three months £674.5, 75. Afternoon: Wirebars, cash £660, three months £673, 73.5, 73, 74, 73.5, 73, 73.5. Cathodes, three months £662, 63. Kerb: Wirebars, three months £675, 76, 76.5, 77, 77.5, 77, 76, 75, 76, 75, 75.5.

TIN—Lower on balance with currency movements and trade selling and lending dominating the market. The East was higher overnight and forward metal opened in London at £6,350 and rose to £6,380 on bear covering before trade and stop-loss selling caused a decline to £6,280. U.S. and currency hedge buying lifted the price to £6,370 before a close on the Kerb of £6,340. At one stage the backwardation disappeared but reasserted itself in later trading. Turnover 1,780 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	†+ or —
High Grade	£	£	£	£
Cash	6300-10	-122.5	6325-30	—27.5
3 months.	6320-5	—75	6330-45	—17.5
Settlem't.	6310	—120	—	......
Standard				
Cash	6300-10	-122.5	6325-30	—27.5
3 months.	6300-5	—85	6320-5	—25
Settlem't.	6310	—120	—	......
Straits E.	‡$1730	+15	—	......
New York	—	......	—	......

Morning: Standard, cash £6,310, three months £6,355, 40, 35, 20, 15, 10, 05. High Grade, cash £6,310. Kerb: Standard, three months £6,300, £6,295, 90, 95, £6,300, 05, 15, 20, 15. Afternoon: Standard, three months £6,320. High Grade, cash £6,330. Kerb: Standard, three months £6,350, 30, 50, 60, 50, 40.

LEAD—Little changed after a day of subdued trading in the face of currency movements and the imminent end of Asarco's labour contract. Forward metal moved throughout the day between £369 and £370.5, closing on the Kerb at £369.25. Turnover 8,525 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	
Cash	364.5-.75	—.75	363-.5	—1.25
3 months.	369.5-.75	—.125	368.5-9	+.5
Sett'lm'nt	364.75	—.75	—	......
N.Y. Spot	—	......	*52-55	......

Morning: Cash £364.5, 64.75, mid-Jan. £365, three months £370, 69.5, 70, 69.75, 69.5. Kerb: three months £369.75. Afternoon: Three months £369.5, 69. Kerb: three months £370.

ZINC—Slightly lower in more active trading than of late. Forward metal moved down from £285 to £283.5 in the morning rings in the face of selling from one influential quarter, which was, however, quite well absorbed by short-covering. In the afternoon the price hovered between £283.5 and £284, closing on the Kerb at £283.75. Turnover 4,050 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Cash	276.5-.75	-1.375	276.25-7	—.375
3 months.	283.5-4	—1	283.25-.75	—.75
S'ment	276.75	—1.75	—	......
Prm. West	—	......	30.5-31	......

Morning: Cash £278, 77.5, 77, three months £285, 85.5, 85, 84.5, 84. Kerb: three months £283.5, 83.75. Afternoon: three months £284, 83.5. Kerb: three months £285, 84.5, 84.

*Cents per pound. †On previous unofficial close. ‡$M per picul.

SILVER

Silver was fixed 0.35p an ounce higher for spot delivery in the London bullion market yesterday, at 256.9p. U.S. cent equivalents of the fixing levels were: Spot 497.7c, up 3.3c; three-month 505.8c, up 3.2c; six-month 514.4c, up 3c; and 12-month 535.2c, up 4.3c. The metal opened at 254½-255½p (493½-500c) and closed at 256.7-257.7p (493-494½c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	256.9p	+0.35	256.7p	+0.7
3 months	260.5p	+0.25	260.45p	+0.9
6 months	264.8p	+0.5	—	......
12 months	274.4p	+0.4	—	......

LME—Turnover 185 (132) lots of 10,000 ounces. Morning: Three months 260.3, 60.5, 60.6. Kerbs: Three months 260.3, 60.5. Afternoon: Three months 259.5, 9.4, 9.3, 60.3, 60.2, 60, 60.3, 60.4, 60.5, 60.4. Kerbs: Three months 260.8, 61, 61.2, 60.9, 61, 61.1, 61, 60.9.

JUTE

DUNDEE JUTE—Very firm, but no offers being made. Calcutta goods steady. Quotations c. and f. U.K. for prompt shipment: 10-oz. 40-inch £10.13, 7½-oz. £7.74 per 100 yards: Jan. £10.27 and £7.88; Feb.-March £10.43 and £7.97. "B" Twills £30.62, £30.28 and £30.79 for the respective shipment periods. Yarn and cloth quiet, but prices very firm.

LONDON PALM OIL—Closing: Jan. unquoted, Feb. 270.00-280.00, March 270.00-280.00, April 260.00-70.00, May 260.00-70.00, June 260.00-70.00, July 260.00-70.00, Aug. 260.00-70.00, Sept. 260.00-70.00. Sales: Nil.

COCOA

Prices remained within a modest range throughout the day despite substantial currency movements to close near the middle of the day's range, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No.5 C'ntr't			
March	1742.0-44.0	—6.0	1758.0-35.0
May	1612.0-15.0	—4.0	1628.0-08.0
July	1579.0-75.0	+2.5	1582.0-63.0
Sept.	1540.0-48.0	—1.5	1560.0-38.0
Dec.	1509.0-10.0	—4.5	1520.0-08.0
March	1488.0-88.0	—7.0	1490.0-85.0
May	1460.0-65.0	—6.0	1470.0-65.0

Sales: 3,094 (4,717) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price for Jan. 11: 140.55 (138.15). Indicator prices for Jan. 12: 15-day average 140.90 (140.50); 22-day average 142.95 (143.18).

COFFEE

Coffee remained steady throughout the morning although it was expected to open lower, reports Drexel Burnham Lambert. In the afternoon, however, chart-inspired selling caused a marginal decline and at *the close the market was just off the* lows, as much as £30 lower on the day. The decline was generally seen as continuation of the downward reaction from Wednesday afternoon, but dealers said sentiment on the market remained bullish in view of the rumours circulating of supply difficulties.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1951 1983	—25.0	1990-1950
March	1803 1805	—21.5	1825-1800
May	1740 1742	—22.0	1764-1735
July	1697-1698	—29.0	1725-1695
September	1670 1688	—22.5	1695-1680
November	1620-1650	—37.5	—
January	1580-1640	—37.5	—

Sales: 3,043 (4,076) lots of 5 tonnes. ICO indicator prices for Jan. 11 (U.S. cents per pound): Colombian Mild Arabicas 208.50 (same); Unwashed Arabicas 219.00 (same): Other Mild Arabicas 209.30 (209.83); Robustas 177.00 (176.00). Daily average 193.25 (192.92).

GRAINS

GRAIN FUTURES (GAFTA)—The market opened 40 higher on wheat and 30 higher on barley. The wheat complex was aggressively bid up—particularly after lunch—by commercial sources. Despite heavy liquidation of the spot month and large-scale profit-taking, values closed 100-125 points higher. Much of the strength can be attributed to a strong *country market. New crop wheat* registered gains of 25-35 points by the close in quiet trading. Barley options were steady without the same interest as wheat. Gains of up to 35 points were seen as some wheat/barley spreaders took their profits during the afternoon session. Old crop barly options closed off the highs, 10-35 points higher. New crop finished 20-25 higher, Acli reports.

WHEAT			BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Jan.	82.50	+1.00	70.45	+0.10
Mar.	84.85	+1.25	72.25	+0.55
May	86.35	+1.25	74.45	+0.50
Sept.	81.30	+0.55	76.20	+0.25
Nov.	83.40	+0.25	78.50	+0.20

Business done—Wheat: Jan. 82.60-82.75, March 84.35-83.50, May 86.35-85.45, Sept. 81.30-81.00, Nov. 83.40-83.30. Sales: 372 lots. Barley: Jan. 70.75-70.45, March 72.45-72.15, May 74.60-74.45, Sept. 78.25-78.00, Nov. nil. Sales: 125.

IMPORTED—Wheat CWRS No. 1, 13½ per cent., Jan. £84.50, Feb. £84.25, March £84.25 Tilbury. U.S. Dark Northern Spring No. 2, 14 per cent., Jan. £81.50, Feb. £82.00, March £82.50, transhipment East Coast. Other grades unquoted.

Maize: U.S./French Jan. £97.50, Feb. £98.50, March £99.25, transhipment East Coast. S. African grades unquoted.

HGCA—Ex-farm spot prices for Jan. 12—Other milling wheat: S. Lincoln £88.30; Feed wheat: S. Lincoln £73.50, Wiltshire £73.10; Feed barley: S. Lincoln £69.50, Wiltshire £69.60.

The U.K. monetary compensatory amounts for the week from Jan. 15 will decrease to 1.392.

*

COTTON—Liverpool: Spot and shipment sales amounted to 92 tonnes, bringing the total for the week so far to 2,435 tonnes, reports F. W. Tattersalls. Diminishing demand brought a limited offtake. Small purchases were mentioned in Middle Eastern qualities.

RUBBER

EASIER opening on the London physical market. Fair interest throughout the day, closing on an uncertain note. Lewis and Peat reported that Malaysian godown price was 203 (204) cents a kilo (buyer, Feb.).

No. 1 R.S.S.	Previous close	Yesterday's close	Business done
Feb.	48.45-48.60	48.75-49.00	—
March	48.85-49.35	49.25-49.50	—
Apr-Jne	49.90-50.00	50.15-50.20	50.25-49.80
Jly-Sep	51.75-51.80	51.90-51.85	52.00-51.30
Oct-Dec	53.25-53.60	53.45-53.50	53.35-53.10
Jan-Mr	54.65-54.70	55.05-55.10	54.70
Apr-Jne	56.15-56.35	56.50-56.60	56.50-56.40
Jly-Sep	57.85-57.90	58.20-58.25	58.00-57.75
Oct-Dec	59.45-59.50	59.40-59.70	59.60-59.45

Sales: 300 (428) lots of 15 tonnes. Physical closing prices (buyers) were: Spot 48p; Feb. 48.5p; March 48.75p.

SOYABEAN MEAL

Steadier sterling and lower Chicago prices were reflected at the opening quotations. Values were 50p lower. Business was small and prices initially drifted lower, but the market recovered in the late afternoon under the influence of Chicago, reports SNW Commodities.

	Yesterd'ys Close	+ or —	Business Done
	£ per tonne		
February	118.00-18.5	—0.65	116.50-15.50
April	115.30-15.7	—0.20	114.00-12.80
June	112.50-12.9	+0.55	112.50-11.70
August	112.80-13.2	+0.10	113.00-12.20
October	111.50-15.0	+0.70	—
December	110.50-12.0	+0.50	—
February	110.50-14.0	+0.50	—

Sales: 94 (45) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE for raw sugar £110 (same) a tonne c.i.f. for Jan.-Feb. shipment. White sugar daily price was *fixed at £113 (same).*

Tate and Lyle ex-refinery price for granulated basis white sugar was £242.40 (same) a tonne for home trade and £175.00 (same) for export.

Sugar Pref. Comm. Conn.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	120.15-20.25	120.80-20.75	121.10-19.75
May	125.40-25.45	125.75-25.80	126.25-24.75
Aug.	128.25-28.40	128.55-28.75	129.00-28.00
Oct.	131.40-31.60	131.80-31.90	132.25-30.75
Dec.	134.00-34.25	135.00-35.25	135.25-34.00
March	138.80-39.10	138.75-39.25	138.75-38.00
May	140.50-41.00	141.00-41.75	141.00

Sales: 2,030 (2,882) lots of 50 tonnes.

INTERNATIONAL SUGAR AGREEMENT—Indicator prices (U.S. cents per pound fob and stowed Caribbean port): January 11 daily price 8.71 (8.53); 15-day average 8.25 (8.23).

WOOL FUTURES

LONDON—Dull and featureless, Bache reported.

BRADFORD—The market remains quiet and topmakers could sell only at uneconomic prices although currency factors caused some improvement last week. New Zealand prices are lower by almost 3p and merinos are softer if not always quoted lower.

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
March	236.0-40.0	—0.5	—
May	233.0-38.0	—1.5	—
July	234.0-37.0	—0.5	—
October	238.0-40.0	—1.5	—
December	238.0-42.0	—1.0	—
March	240.0-45.0	—1.5	—
May	242.0-47.0	—1.5	—
July	242.0-47.0	—1.5	—

Sales: Nil (same) lots of 1,500 kilos.

SYDNEY GREASY—Close (in order buyer, seller, business, sales): Micron Contract—March 338.3, 338.5, 339.5-338.0, 64; May 344.5, 346.6, 344.5-344.0, 14; July 351.4, 351.5, 351.4-351.0, 3; Oct. 354.0, 354.5, 354.0-354.0, 10; Dec. 358.2, 358.7, 358.5-357.9, 25; March 362.0, 362.5, 361.7-361.3, 10; May 363.9, 364.0, 363.5-363.5, 18; July 366.0, 367.0, 366.0-366.0, 5. Total sales: 149.

MEAT/VEGETABLES

SMITHFIELD (prices in pence per pound)—**Beef:** Scotch killed sides 47.0 to 50.0, Ulster hindquarters 59.0 to 62.0, forequarters 31.0 to 34.0, Eire hindquarters 59.0 to 61.0, forequarters 31.0 to 33.0. **Veal:** *Dutch hinds and ends 88.0 to 91.0.* **Lamb:** English small 50.0 to 56.0, medium 47.0 to 54.0, heavy 38.0 to 46.0, Scotch medium 47.0 to 54.0, heavy 38.0 to 45.0, imported frozen: NZ YLs 45.0 to 46.0. **Pork:** English, less than 100 lbs. 37.0 to 41.0, 100-120 lbs. 30.0-40.0, 120-160 lbs. 32.0 to 35.0. **Hares:** English (large) (each) 180.0 to 200.0. **Partridges:** young (each) 180.0 to 200.0. **Pheasants:** best (a brace) 300.0 to 360.0.

MEAT COMMISSION—Average fatstock prices at representative markets on January 12. GB—Cattle 59.92p a kg. l.w. (+0.43); U.K.—Sheep 127.0p a kg. est.d.c.w. (—2.1); GB—Pigs 57.5p a kg. l.w. (+0.2). England and Wales—Cattle up 13.9 per cent., average price 60.26p (+0.27); Sheep down 30.3 per cent., average price 127.5p (—2.0); Pigs down 14.7 per cent., average price 57.8p (+0.2). Scotland—Cattle up 2.6 per cent., average price 58.77p (+0.92); Sheep down 34.5 per cent., average price 116.4p (—5.0); Pigs nil.

COVENT GARDEN (prices in sterling a package except unless stated)—Imported produce: **Oranges**—Spania: Navelinas 2.00-2.20, Navels 2.00-2.30; Greek: 2.20; Jaffa: 3.15-4.10; Egyptian: 2.20; Cyprus: Ovals approx. 16 kilos 54/50's 3.30; Moroccan: 2.40. **Lemons**—Italian: 100/120 3.50-3.80; Cypriot: 3.20-4.70. **Grapefruit**—Cypriot: 15 kilos 2.40-2.60, 20 kilos 3.00-3.60; Jaffa: 20 kilos 3.30-3.65. **Sours**—Spania: approx. 40-lb 5.30. **Clementines**—Moroccan: 3.20-3.30; Spania: 3.00; Portuguese: 3.00. **Satsumas**—Spania: 2.00-2.50. **Apples**—French: 40-lb Granny Smith 6.50-7.50, Golden Delicious 5.40-5.60; 20-lb 72/110 Granny Smith 3.50-4.00, Golden Delicious 2.40-3.20, Stark Crimson 3.30, jumble pack, per pound, Golden Delicious 0.10-0.13; Italian: Golden Delicious 0.12; Danish: Per pound Spartans 0.12; US: Red Delicious 9.00-9.50; Hungarian: Red Delicions 7.00-7.20. **Peaches**—S. African: Per tray 15.24s 2.80-3.20. **Apricots**—S. African: Per pound 0.25-0.35. **Plums**—S. African: Santa Rosa per pound 0.30-0.40, Methleys 0.30. **Grapes**—Spanish: Napoleon 11-lb 3.50, Almeria 2.20-2.40; Californian: Red Emperor per pound 0.40-0.45. **Bananas**—Jamaican: Per pound 0.16. **Tomatoes**—Per 6 kilos, Canary: 2.00-3.20; Spanish Mainland: 0.50-1.50. **Capsicums**—Canary: per 13 lb 2.60, Israeli: 13 lb 2.60, Senegal: 6 kilos 2.60. **Cucumbers**—Canary: 2.50-2.60. **Onions**—Spanish: 2.60-3.50; Polish: 1.70. **Brazils**—Per pound No. 1 LWM 0.42, Tocantins 0.35-0.36. **Walnuts**—Chinese: Per pound 0.30. **Cauliflowers**—Jersey: 5.80-6.00; French: 5.60. **Potatoes**—Italian: 28-lb 2.70; Canary: 25 kilos 6.00. **Lettuce**—Dutch: 24s 2.40; French: 1.00. **Celery**—Spanish: 24s 3.30-3.60.

English produce: **Potatoes:** Per 56-lb, Whites/Reds 1.10-1.30. **Lettuce**—Per 12, Indoor 1.00-1.10. **Cabbage**—Per ½-bag Primo 0.80. **Cauliflowers**—Per 12, Kent 2.80. **Beetroots**—Per 28-lb 0.70-0.80. **Carrots**—Per bag 25-lb 0.50-0.60. **Onions**—Per 56-lb 1.00-1.40. **Celery**—Prepack 18/22s 3.50, naked 10s 0.90, 16s 1.30. **Swedes**—Per bag, Devon 0.50. **Apples**—Per pound, Derby 0.10-0.12, Cox's 0.16-0.24, Bramleys 0.10-0.16. **Pears**—Per pound, Conference 0.14-0.17, Comice 0.16-0.18. **Sprouts**—Per pound 0.05-0.06. **Parsnips**—Per 28-lb 0.70-0.90. **Turnips**—Per 28-lb 0.90. **Rhubarb**—Per pound 0.20.

New Orleans futures market plan

HOUSTON, Jan. 12.

THE NEW Orleans Cotton and Commodity Exchange expects to launch trading in rice, cotton and soyabean futures by the end of the year, Mr. Robert Wright the exchange president said here.

He told the American Farm Bureau Federation meeting that the Exchange had submitted proposed contracts in rough rice, milled rice and cotton to the Commodity Futures Trading Commission for its approval.

It was also preparing a soyabean futures contract which would call for delivery at the U.S. gulf.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	Jan. 12 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free Market (cis)	$980-10	......	$960-70
Copper cash W. Bars	£660.25	—1.0	£679.25
3 months do. do.	£673.5	—2.0	£694.25
Cash Cathode	£650.25	—0.5	£668
3 months do. do.	£663.25	—1.5	£682.75
Gold Troy oz.	$173.125	+0.75	$158.875
Lead Cash	£363.25	—1.25	£373.5
3 months	£368.75	+0.5	£376.25
Nickel	—	......	£2,752.5
Free Market (cfr)	$1.79-2.0	......	$1.75-2.0
Platinum troy oz.	£96	......	£88.5
Free Market	£100.70	+0.55	£95.1
Quicksilver (76lb.)	$128.35	......	$125-30
Silver Troy oz	256.9p	+0.35	253.25p
3 months	260.5p	+0.25	257.5p
Tin Cash	£6,327.5	—27.5	£6,913
3 months	£6,322.5	—25.0	£6,717
Wolfram 22.04lb. cif	$186-175	—3.0	$168-76
Zinc cash	£276.625	—0.375	£293.5
3 months	£283.5	—0.75	£300.5
Producers	$600	......	$600/700
Oils			
Coconut (Phil)	$557.5y	......	$550
Groundnut	£597	......	$587
Linseed Crude (r)	£260	—5.0	£263
Palm Malayan	$500w	—2.0	$497
Seeds			
Copra Phillip	$382.5y	—2.5	$390
Soyabean (U.S.)	$251z	......	$244.5
Grains			
Barley EEC			
Home Futures	£70.45	+0.1	£70.7
Maize			
French No.3 Am	£97.5	......	£94
Wheat			
No. 1 Red Spring	£84.5	......	£89.0
No.2 Hard Winter		......	
English Milling	£93	......	£91.25
Cocoa Shipment	£1,804	—6.0	—
Future May	£1,812.5	—4.0	£1,938.5
Coffee Futures			
March	£1,804	—21.5	£1,721.5
Cotton 'A' Index	63.5c	......	59.45
Jute UJ ABC	$437	......	$437
Rubber kilo	48p	—0.25	48.5p
Sisal £ EA3L	$560-70	......	$560-70
Sugar (Raw)	£110	......	£107
Wooltops 64s kilo	267p	—1.0	273p

Nominal. ‡ Unquoted. *o* Seller's quotation. *c* Cents a pound *n* Ex-tank London-Hull. *m* Feb. *p* Jan.-Feb. *r* Dec.-Feb. *s* Feb.-Mar. *z* Feb.-April. *w* March. *y* Jan.-March. *x* Per ton.

INDICES

FINANCIAL TIMES

Jan. 12	Jan. 11	Month ago	Year ago
236.19	236.92	240.16	254.83

(Base: July 1 1952=100)

REUTER'S

Jan. 12	Jan. 11	Month ago	Year ago
1421.3	1423.9	1431.4	1585.4

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Jan. 12	Jan. 11	Month ago	Year ago
Spot	350.78	351.09	352.92	378.47
Futures	340.21	340.84	323.40	371.94

(Average 1924-25-26=100)

MOODY'S

Moody's	Jan. 12	Jan. 11	Month ago	Year ago
Spie Commdty	891.4	892.9	872.0	973.5

(December 31, 1931=100)

*

U.S. aluminium

TWO U.S. companies have announced that they plan to resume production at four aluminium units which were closed last spring because of energy curtailments.

U.S. Markets

NEW YORK, Jan. 12.

Cocoa—Not available.

Coffee—"C" Contract: Not available.

Copper—Jan. 59.20 (59.50), Feb. 59.40 (59.80), March 59.80, May 60.70, July 61.70, Sept. 62.60, Dec. 64.00, Jan. 64.20, March 65.40, May 66.50, July 67.20, Sept. 68.10.

Cotton—No. 2: March 54.70-54.80 (54.61), May 55.85-56.00 (55.70), July 56.95-57.05, Oct. 57.55-57.90, Dec. 58.00, March 59.20-59.60, May 59.50-60.00. Sales: 255,000 bales.

*Gold—Jan. 171.90 (174.50), Feb. 172.60 (175.00), March 172.80, April 175.00, June 177.50, Aug. 180.00, Oct. 182.50, Dec. 185.00, Feb. 187.60, April 190.30, June 193.00, Aug. 195.70, Oct. 198.40. Sales: 13,000.

†Lard—Chicago loose 20.00 (same). New York prime steam 21.50 asked (21.50 traded).

‡Maize—March 224-224 (224½), May 228-228 (229½), July 230, Sept. 230, Dec. 231, March 238.

§Platinum—Jan. 193.50-194.00 (195.30), April 195.50-197.00 (199.30), July 201.00-201.50, Oct. 203.50-204.70, Jan. 207.70-207.90, April 210.60-210.50. Sales: 1,450.

¶Silver—Jan. 488.50 (495.80), Feb. 490.20 (497.50), March 493.50, May 500.30, July 507.10, Sept. 513.90, Dec. 524.20, Jan. 527.80, March 534.70, May 541.60, July 548.50, Sept. 555.40. Sales: 15,000. Handy and Harman bullion spot 491.50 (same).

Soyabeans—Jan. 596-596 (599), March 605-606 (605½), May 612-613, July 617-618, Aug. 615-616, Sept. 590, Nov. 588-588½, Jan. 595-595½.

||Soyabean Meal—Jan. 163.20-163.40 (165.90), March 163.20-163.30 (164.80), May 165.80, July 167.50, Aug. 165.00-165.20, Sept. 165.00, Oct. 163.00, Dec. 164.00-165.00.

Soyabean Oil—Jan. 21.35 (21.02), March 21.45-21.50 (21.15), May 21.60-21.65, July 21.65-21.70, Aug. 21.60, Sept. 21.50-21.25, Oct. 20.45-20.50, Dec. 20.40, Jan. 20.55.

Sugar—No. 11: Not available.

Tin—564.00-575.00 asked (562.00-567.00 asked).

**Wheat—March 277-277 (279), May 284-284 (285½), July 289-289, Sept. 295, Dec. 303, March 311 nom.

WINNIPEG, Jan. 12. ††Rye—May 109.00 (111.50), July 107.50 asked (105.50 bid), Oct. 109.00 asked, Nov. 109.50 asked.

††Oats—May 75.10 (79.00), July 73.90 asked (76.50 bid), Oct. 76.50 asked.

‡Barley—May 75.70 (78.70), July 77.20 bid (77.50 asked), Oct. 75.50 bid.

§§Flaxseed—May 216.00 (214.30 bid), July 215.50 asked (216.50 asked), Oct. 221.00 bid, Nov. 220.00 bid.

Wheat—SCWRS 13.5 per cent. protein content cif St. Laurence not available (398).

All cents per pound ex-warehouse unless otherwise stated. *$s per troy ounce—100 ounce lots. †Chicago loose $s per 100 lbs.—Dept. of Ag. prices previous day. Prime Steam f.o.b. NY bulk tank cars. ‡Cents per 56 lb. bushel ex-warehouse, 5,000 bushel lots. §$s per troy ounce for 50 ounce units of 99.9 per cent. purity delivered NY. ¶Cents per troy ounce ex-warehouse. ||New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. **Cents per 60 lb. bushel in store. ††Cents per 24 lb. bushel. ‡‡Cents per 48 lb. bushel ex-warehouse. §§Cents per 56 lb. bushel ex-warehouse, 1,000 bushel lots.

Zinc futures date set

NEW YORK, Jan. 12.

THE Commodities Exchange Inc. will begin trading zinc futures on February 8, a spokesman for Comex confirmed yesterday.

He said the date was finalised at a meeting of the exchange governors this week.

Trading hours have been initially set from 10.15 to 12.45 a.m. with delivery months in May, July, September and December 1978.

Deliverable grades include special high grade zinc, and high grade zinc at a half cent discount.

STOCK EXCHANGE REPORT

Gilts uncertain after Government spending report

Late turndown in equities—Index ends 7.8 lower at 479.4

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jan. 3	Jan. 12	Jan. 13	Jan. 24
Jan. 16	Jan. 26	Jan. 27	Feb. 7
Jan. 30	Feb. 9	Feb. 10	Feb. 21

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Erratic fluctuations in currency markets provided an uncertain backdrop to stock markets yesterday, but the factor which unsettled the dominant, and firm, gilt-edged market was an initial unfavourable interpretation of the Government's White Paper on its planned expenditure.

A continuation of Wednesday's rally on yield considerations took quotations of the long-dated stocks up to ⅝ better, but prices wilted from about 11.30 a.m. on offerings by weak holders and the sudden turndown unnerved the market. Prices, however, held steady throughout the afternoon at levels in line with those ruling at 3.30 p.m. on the previous day.

Leading equities were featured by a resumption of the shake-out which occurred on the first two days of the week. The previous day's firm close was maintained in initial trade yesterday but prices reacted on lack of follow-through support and in sympathy with gilts, while the easier trend gathered force in the late trade as reflected in the FT 30-share index; up a point at 11 a.m., it was a net 3.2 off at 3 p.m. and the close was 7.8 down at 479.4. This is a loss of 17.9 on the week so far.

Falls in the index constituents ranged to 6 and occasionally more with Allied Breweries falling 4½ to 85½p on the announcement that the company's proposed price increases are to be investigated by the Price Commission. Food Retailers became vulnerable to further selling in the late weakness and the sector index fell 4.2 per cent. as compared with the 0.7 per cent. loss in the All-share index at 212.27. Firm features usually emerged from company trading statements and the current speculative favourites.

Rises and falls in all FT-quoted Industrials were evenly matched, and official markings amounted to 5,260 as against 5,978 the previous day and 6,231 on Thursday of last week.

Gilts unsettled

Encouraged by a favourable Press, which included the latest Government borrowing requirements, British Funds soon extended Wednesday's recovery with gains approaching ¾ among the longer maturities. However, the movements soon proved to be none too soundly based when a bout of selling attributed to first reactions to the Government's White Paper on Public Expenditure, unsettled the market. Potential buyers became confused and this frustrated attempts to steady the market, with the result that the longs surrendered all their gains and reverted finally to overnight list levels. Meantime, the shorts fluctuated throughout the day and, despite a mixed appearance at the 3.30 p.m. close, were heading lower in the after-hours' trading. The Bank of England signal regarding an unchanged Minimum Lending Rate to-day made no impression on market sentiment. Corporations advanced and in first-time dealings Thameside Variable 1983 closed firmly at 100⅛, after 100⅞; dealings in the £7m. issue of 10¾ per cent. 1984-85, which was oversubscribed, begin to-day. More optimism generated by Mr. Smith's compromise at the current peace talks took Southern Rhodesian bonds higher, the 2½ per cent. 1965-70 gaining 4 to £67.

Renewed institutional support for the purpose of investment in U.S. securities and the effects of sterling's early firmness yesterday created a two-way pull on the dollar premium. Initially down to 65 per cent., it rallied in brisk trading to 68 per cent. before softening again late on the exchange rate to close at 66¾ per cent., virtually unchanged on the overnight level. Yesterday's SE conversion factor was 0.8021 (0.8022).

Official London dealings commenced yesterday in Dana Corporation Common stock; the shares opened at £14½ and closed at £14⅝.

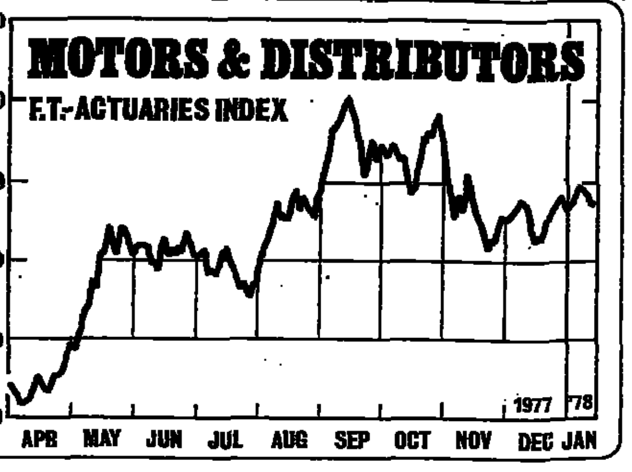
FNFC harden

A penny or so firmer at the house close, the major clearing Banks turned down late to close with losses of 5. Barclays were that much easier at 340p, after 346p, while NatWest were similarly lower at 290p, after 296p. Hire Purchases continued to improve on further consideration of the sharp recovery seen in instalment credit business over recent months. UDT gained 2 to 47p with the 16 per cent. 1979-81 5 points higher at £141. Favourable comment in front of to-day's preliminary results helped First National Finance Corporation harden a shade more to 3p.

More interest was shown in Insurances. Phoenix receded 4 to 284p as did Sun Alliance to 600p, while Commercial Union gave up 3 to 150p. Matthews Wrightson, however, hardened 5 to 210p.

Brewers dull late

News that Allied Breweries' application for price increases is to be investigated by the Price Commission caused a late flurry of activity in Brewers which closed widely lower. Allied were finally 4½ cheaper at 85½p, after 85p. Slightly easier at 66½p following the interim figures, Scottish and Newcastle closed 3 off on the day at 64p. Losses of around 5 were seen in Bass Charrington, 152p, and A. Guinness, 181½p, while Whitbread "A" finished 3 cheaper at 91p.



Grand Metropolitan were 4 easier at 104p, reflecting its substantial brewing interests. Elsewhere, A. Bell attracted fresh speculative interest and closed 8 higher at 230p, after 236p. Distillers, however, declined 5 to 167p awaiting the outcome of to-day's meeting with the EEC Commissioners.

Buildings displayed no set trend following a small trade. Rowlinson Construction were notable for a speculative gain of 14 to 100p in a thin market, while FPA Construction improved 2½ to 20p and Carron 3 to 50p. International Timber, at 131p, gave back the previous day's speculative rise of 5 on the chairman's reported remark that recent bid hopes are unfounded. AP Cement cheapened 3 late to 266p and London Brick receded 1½ to 73½p.

ICI drifted lower from a firm start to finish 6 down on the day at 342p. Elsewhere in Chemicals, Fisons gave up 3 to 374p but Hickson and Welch moved up 8 to 563p, after 565p, on the good preliminary results and proposed 200 per cent. scrip issue.

In front of to-day's interim results, Thorn Electrical traded around 380p before easing in the late dealings to finish 6 down on the day at 372p. GEC were also noticeably dull in the Electrical leaders and fell a similar amount to 267p. Elsewhere, Muirhead became a better market at 181p, up 3, with the new shares 4 higher at 24p premium. Still reflecting an investment recommendation, Automated Security put on 3 further to 51p. Cableform encountered buyers at 69p, up 2½, while Jones Stroud responded to the increased half-yearly profits with a rise of 3 to 88p.

Store leaders closed mixed after a small turnover. W. H. Smith "A" hardened 3 to 167p and Burton rose 9 to 128p but the latter's "A" softened a penny to 114p after 118p, and Gussies "A" cheapened 2 to 300p. Elsewhere, A. Wearwell rose 2 to 20p in front of to-day's interim figures and demand in a thin market prompted a gain of 4 to 74p in Elys (Wimbledon). Raybeck added 2 to 71p on the higher first-half earnings.

Engineering leaders turned distinctly dull in the late dealings, Tubes ending 6 cheaper at 386p, Vickers 5 off at 187p, and GKN 4 lower at 268p. Movements elsewhere in the sector were mixed. Braithwaite were supported at 144p, up 4, along with Camford, which put on 3 to 59p. Buyers also showed interest in Woodhouse and Rixon, 31½p, and C. H. Bailey, 9½p, up 1½ and a penny respectively. The increased dividend and profits failed to stimulate Midland Industries, unaltered at 42p, but Weir Group hardened a shade to 116p following news of the sale of C. F. Taylor, a subsidiary, to Electrical and Industrial Securities for £1.4m. cash. On the other hand, Glynwed, a recent speculative favourite, came back 2 to 106p, on the company's denial of bid rumours. British Steam lost 4 to 86p. Falls of around 3 were also recorded in T. Robinson, 63p, Simon Engineering, 212p, and Duport, 65p. Blakey's (Malleable Castings) were temporarily suspended at 35p; news of the proposed bid from Centreway Securities came well after market hours.

Further consideration of J. Sainsbury's plans to cut prices over a wide range of products caused fresh dullness in Food Retailers, the latter finishing 10 down at 180p despite claims that it had introduced its new cut-price programme from a position of strength. Associated Dairies stood out with a fall of 17 to 232p, while Tesco eased 1½ to 42½p and Kwik Save 10 to 202p. Elsewhere, British Sugar dropped 10 to 480p despite the big improvement in last year's sugar beet crop. Bluebird Confectionery, however, moved up 5 to 148p.

Further good gains were recorded in some secondary Industrials. A resurgence of speculative buying on bid hopes helped Avon Rubber rise 9 to 193p, after 194p, while Caplan Profile rose 7 to 73p, after 74p, in response to better-than-expected results. Acquisition details caused Dunbee Combex to improve a like amount to 147p, while Hestair put on 7 to 118p. After the previous day's jump of 140p on news of bid approaches of up to 300p a share, London Pavilion gained 25 further to 325p following the Board's strong rejection of these terms as too low. Piccadilly Theatres rose 7 to 82p in sympathy. Restmor, at 129p, recorded a Press-inspired improvement of 3 and English China Clays hardened 2 to 81p on the results. Drake and Scull hardened a penny to 25p in reply to the chairman's statement: the price in yesterday's issue was incorrect. Leading issues fell away after a firm start and were looking distinctly dull after-hours. Glaxo ended 8 off at 597p, Beecham 10 easier at 655p and Turner and Newall 6 lower at 210p.

Pride and Clarke came to the fore in Motors and Distributors, rising 14 to 252p in a thin market, while Zenith Carburetter "A" were supported at 115p, up 7. Lucas Industries, however, reacted 5 to 277p with other equity leaders.

After-hours' news of the downward revision of the Claymore and Piper North Sea oil reserves brought about a swift decline in Thomson Organisation, which has a 20 per cent. interest in both projects; already easier at 680p, Thomson fell to 656p before closing 30 down on the day at 660p. Other Newspaper North Sea-oil orientated stocks eased in sympathy and Associated ended 5 off at 165p, while Daily Mail A shed 3 to 340p. Elsewhere, Gordon and Gotch rose 7 to 92p on the better-than-expected interim figures. Among Paper/Printings, McCorquodale added a similar amount at 245p in continued response to almost trebled annual profits. Wace Group jumped 8 to 30p following news that substantial shareholding had changed hands.

BP down

A useful two-way trade developed in British Petroleum, which held up well prior to easing in the late dealings on currency influences to end 10 cheaper at 810p. On the other hand, Shell were relatively quiet, but held steady at 516p. Elsewhere in Oils Oil Exploration rallied to 288p after the previous day's late reaction on rumours of a dry well before reacting afresh to close unaltered on balance at 276p. Siebens (U.K.) met with profit-taking and fell 8 to 290p.

Property leaders drifted back from a firm start on scattered selling and, apart from MEPC, down 2 at 128p, final quotations were little altered on balance. Secondary issues, however, provided occasional bright spots. B. Sunley, a speculative favourite, put on 6 to 214p, while Dorrington were in demand at 57p, up 3½p. A. J. Mucklow regained 5 to 120p and Haslemere 4 to 256p.

Furness Withy provided one of the few features in Shippings improving 4 to 348p in a fair two-way business.

In Textiles, Stroud Riley Deferred hardened 2 to 28p in response to the interim dividend and sharply improved first-half profits. John Haggas moved up 4 to 102p, but RKT, at 71p, lost 4 of the previous day's rise of 7.

Golds continue firm

South African Golds continued their recent upward movements as the bullion price moved further ahead to close 75 cents higher at $173.125 per ounce.

Sharp gains in both the metal price and shares in overnight U.S. markets saw prices marked up substantially at the outset of trading. This was followed by a good two-way trade which took prices further ahead until the late afternoon when the modest downturn at the official fixing caused small U.S. offerings. The Gold Mines index added 3.1 at 142.4 for a five-day improvement of 12.1.

Heavyweights registered gains of up to ½ as in West Driefontein, £17½ and Free State Geduld, £13, while lower-priced stocks like Doornfontein, 257p, Stilfontein, 254p, and Welkom, 223p, were all around 5 to 7 higher.

The marginal Leslie closed 1½ better at 38½p following the news that the mine has been classified as a State assisted mine. East Rand Proprietary attracted a considerable demand from the Continent and advanced 13 to 334p.

Consolidated Gold Fields again held the stage in an otherwise quiet Financials section; the shares advanced to 192p at the opening before profit-taking pared the price to 188p, a net gain of 3. GFSA, however, encountered further strong support which left the shares another ½ higher at £11½ as take-over rumours refused to lie down. Similarly, bid rumours lifted Consolidated Gold Fields of Australia, which closed 12 to the good at 180p.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	8	10	56
Corpns., Dom. and Foreign Bonds	11	7	48
Industrials	312	313	957
Financial and Prop.	144	100	278
Oils	3	7	23
Plantations	4	8	22
Mines	49	24	59
Recent Issues	7	4	40
Totals	538	473	1,474

FINANCIAL TIMES STOCK INDICES

—	Jan. 12	Jan. 11	Jan. 10	Jan. 9	Jan. 6	Jan. 5	A year ago
Government Secs.	77.25	77.27	77.29	77.89	77.88	78.09	63.1
Fixed Interest	80.80	80.58	80.93	81.27	81.25	81.19	64.2
Industrial Ordinary	479.4	487.2	484.5	491.7	497.3	494.5	363.
Gold Mines	142.4	139.3	139.3	136.9	136.6	130.3	115.
Ord. Div. Yield	5.60	5.52	5.55	5.47	5.41	5.42	6.1
Earnings Y'ld%(full)(*)	17.03	16.78	16.82	16.62	16.45	16.47	19.1
P/E Ratio (net) (*)(†)	8.32	8.45	8.43	8.53	8.62	8.61	7.6
Dealings marked	5,266	5,978	7,130	6,868	6,426	6,231	5,84
Equity turnover £m.	—	69.25	98.23	66.19	87.28	76.98	65.5
Equity bargains total	—	14,399	16,641	17,916	18,131	15,287	14,06

10 a.m. 488.1. 11 a.m. 486.2. Noon 486.1. 1 p.m. 485.7.
2 p.m. 485.1. 3 p.m. 484.0.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil=8.27.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 12	Jan. 11
—Daily		
Gilt-Edged	175.1	207.6
Industries	182.0	205.5
Speculative	35.0	49.5
Totals	119.9	136.1
5-day Av'rage		
Gilt-Edged	205.6	215.9
Industrials	221.6	227.9
Speculative	45.0	47.1
Totals	144.2	148.5

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 11	Jan. 23	Apr. 13	Apr. 25
Jan. 24	Feb. 6	Apr. 27	May 10
Feb. 7	Feb. 20	May 11	May 23

For rate indications see end of Share Information Service

Calls were dealt in Warner Holidays, British Land, Thomson Organisation, UDT, Town and City, Fairview Esates, G. R. Dawes, Lonrho, English and Overseas, Cons. Gold Fields, Grand Metropolitan, Loraine, S. Osborn, J. Savile Gordon, Tricentrol, ICL, Shell Transport, International Timber, Law Land, Highland Distilleries, GKN, Courtaulds, ICI, RTZ, Land Securities, Bowater, Burmah Oil, Second City Properties, Crouch Group, J. Brown, Furness Withy, Hay's Wharf, Duple Int., M. P. Kent, Lex, Dunlop, British Car Auction, Excalibur Jewellery, Burton, GEC and Ragland Properties. Puts were done in G. R. Dawes, P and O Deferred, Dunlop, GKN, Coral Leisure, while doubles were arranged in Brittains, Arrow, UDT, Town and City, Tricentrol, Loraine, Shell Transport, RTZ, and Crouch Group.

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (69)

COM'WEALTH & AFRICAN LOANS (2)
Aust. 5½pc '75-78
S. Rhod. 2½pc '65-70
LOANS (1)
Ultramar 7pc '75-78
FOREIGN BONDS (1)
Japan 6pc 83-88
BANKS (1)
Midland 7½pc '83-93
BEERS (3)
BUILDINGS (4)
STORES (4)
Beattie (J.) A
Raybeck
Peters Stores
Wearwell
ELECTRICALS (4)
ENGINEERING (8)
FOODS (1)
INDUSTRIALS (16)
Assoc. Sprayers
Halma
Barr & W.A.T. A
Ingall Inds.
Bodycote Intl.
Lonsdale Universal
Caplan Profile
Paul & Whites
Carlton Inds.
Silverthorne
Cowan de Groot
Stag Furniture
Drake & Scull
"W" Ribbons
French (Thos.)
Wstmnstr Cntry Props
MOTORS (6)
PAPER (2)
PROPERTY (6)
Clarke Nickolls
Dorrington
Control Secs.
McKay Secs.
Dares Estates
Regalian
TEXTILES (3)
Haggas (J.)
Stroud Riley
Jerome
TRUSTS (7)
Derby Trust Inc.
Kitchen Taylor
M&G 2nd Dual Inc.
Scot. & Merc. A
Yorks. & Lancs.
Smith Bros.
Fashion & General

NEW LOWS (67)

FOREIGN BONDS (2)
Greek 6pc '28 Stab.
Greek 7pc Ass.
Ass.
AMERICANS (34)
Asarco Inc.
Honeywell
Baker Intl. Corp.
I.B.M. Corp.
Burroughs Corp.
I.U. Internatl.
Chase Manhattan
Kaiser Aluminum
Citicorp.
Morgan (J. P.)
City Inv. Cum. Prf.
Norton Simon Inc.
Colgate-Palmolive
Owens-Illinois
Colt Inds.
Shell Oil
Cont. Illinois
TRW Inc.
Cont. Oil
Tenneco
Crown Zellerbach
Tesoro Petroleum
Eaton Corp.
Texaco
Firestone Tire
Transamerica
First Chicago
United Technology
Fluor. Corp.
U.S. Steel
Ford Motor
Xerox Corp.
Genl. Elect.
Xonics Inc.
CANADIANS (11)
BANKS (3)
HK & Shanghai
Wells Fargo
Nat. Bank Aust.
INDUSTRIALS (4)
Continental Group
Franklin Mint
Emhart Corp.
Jardine Matheson
INSURANCE (2)
Comb'd Ins. Amer.
Australian Agricl.
PROPERTY (1)
HK Land
TRUSTS (5)
G.T. Japan
Lond. Aberdeen Pfd
Jardine Japan
Mass. Mort. Realty
Jardine Secs.
OILS (1)
Ranger Oil
OVERSEAS TRADERS (2)
MINES (2)

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RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p‡	+ or —	Div. P. or Amount	Times covered	Gross Yield	P.E. Ratio
‖	F.P.	—	470	352	ERGO (R0.50)	470	+5	P25c	—	3.6	—
104	F.P.	20/1	123	109	Farmer (S.W.)	122	......	b7.58	2.3	9.4	7.0
§53	F.P.	6/1	67	57	Holden (A.)	65	......	b3.3	3.6	7.7	6.5
52	F.P.	27/1	58	55	I.M.I. 25p pd	58	+1½	g3.29	2.7	8.6	6.2

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price £	+ or —
£98½	£50	3/2	54¼	49½	Bath 11¼% 1985	53¾	+½
£100	£50	25/1	52	47¼	Cardiff 11% 1986	51	+¼
£100	F.P.	27/1	90	90	Central & Sheerwood 10% Uns. Ln. 1981	90	......
£99	£60	3/3	61	57½	Grampian Reg. 10¾% 1985	61	+½
£100	F.P.	—	99	98½	Hounslow Variable 1982	98½	......
$100	F.P.	—	$98¼	$97¼	Inco 8¾% Notes 1984	$97¼	—½
$100	F.P.	—	$98¼	$97¼	Do. 9% Deb. 1992	$97¼	—½
£100	£10	24/3	15⅝	11¼	Kensington & Chelsea 11¾% 85-87	14⅞	+½
£100	F.P.	—	100½	99⅞	Do. Do. Variable '82	100⅛	......
£100	—	—	100	99½	Leeds Variable 1982	100	......
£100	F.P.	—	100	100½	Leicester Variable 1982	100	......
††£99	£10	3/3	12½	11½	Mid Kent Water 7% 1982	12½	......
$99½	F.P.	—	$98¾	$97	Norsk Hydro 7¾% Notes 1982	$97½	—½
£98½	£50	3/2	54	49½	St. Helens 11⅛% Red. 1985	53½	+½
—	F.P.	—	$97½	$96	Shell Intl. Fin. N/V. 8½% Guar. Notes 1990	$96¾	—¼
—	F.P.	27/1	101p	99p	Stag Furniture 10% Cum. Pref.	101p	......
£100	F.P.	—	100⅛	100⅛	Thameside Variable 1983	100⅛	......
—	F.P.	6/1	107p	100p	York Trailer 10% Pref.	105½p	......

"RIGHTS" OFFERS

Issue Price p‡	Amount paid up	Latest Renunc. Dates ●	Latest Renunc. Dates ■	1977 High	1977 Low	Stock	Closing Prices p‡	+ or —
95	nil	—	—	26pm	22pm	Arlington Motor	26pm	......
29	F.P.	16/12	27/1	38	32½	Bridport Gundry	36	......
50	F.P.	6/1	10/3	72	56	Cableform	66½	......
32	nil	23/1	27/2	19pm	6pm	Christy Bros.	16pm	......
180	nil	24/2	10/3	52½	36pm	Comm. Bank of Australia	36pm	......
130	nil	13/1	10/2	23pm	10pm	Elbar Industrial	18pm	......
12½	nil	24/1	6/2	½pm	¼pm	Johnson & Barnes	½pm	......
50	F.P.	29/12	27/1	63	54	Johnson Firth Brown	62	......
62	F.P.	6/1	10/2	79	71	Kenning Motor	78	......
10	nil	—	—	26½pm	26pm	L.R.C. International	26½pm	......
158	nil	26/1	9/3	30pm	20pm	Muirhead	24pm	+4
$A1.75	nil	17/2	3/3	63pm	43pm	National Bk. of Australasia	45pm	......
17½	F.P.	23/12	18/1	33½	24	Pawson W. L.	32	......
32	nil	—	—	6pm	5¼pm	R.C.F.	6pm	......
70	F.P.	16/12	27/1	90	84	Record Ridgway	86	......
10	nil	19/11	16/2	3pm	1pm	Sturla (Geo.)	1½pm	......
165	F.P.	12/12	18/1	295	237	Utd. Scientific	292	......
30	F.P.	3/1	27/1	43	36	Williams (J. Cardiff)	41	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Rights by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ☐ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
BP	£1	11	810	−10	966	776
Burmah Oil	£1	11	53	+ 1	83	41
Grand Met.	50p	10	104	− 4	109	62
Rank Org.	25p	9	258	—	276	128
Shell Transport	25p	9	516	—	635	454
Cons. Gold Fields	25p	8	188	+ 3	224	137
ICI	£1	8	342	− 6	446	325
Marks & Spencer	25p	8	154	—	173	96
BATs Defd.	25p	7	232	—	280	202
E.R.F.	25p	7	148	+ 2	155	34
GEC	25p	7	267	− 6	284	163
Glynwed	25p	7	106	− 2	121	74
GUS A	25p	7	300	− 2	347	176
GKN	£1	7	268	− 4	369	260
Highland Distil.	20p	7	132	+ 3	132	53

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thurs., Jan. 12, 1978					Wed. Jan. 11	Tues. Jan. 10	Mon. Jan. 9	Fri. Jan. 6	Year ago (approx.)
		Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Index No.	Index No.	Index No.	Index No.	Index No.
1	CAPITAL GOODS (170)	210.04	−0.6	16.88	5.56	8.37	211.39	211.16	213.67	214.04	136.8
2	Building Materials (27)	194.84	−0.1	15.81	5.41	9.04	195.12	195.76	197.57	197.86	115.3
3	Contracting, Construction (26)	339.17	−0.3	17.10	3.74	8.51	340.18	342.86	348.37	350.75	177.1
4	Electricals (15)	451.06	−1.6	14.78	3.92	9.74	458.42	455.56	461.70	464.54	278.8
5	Engineering Contractors (13)	296.13	−0.7	19.81	6.33	6.91	298.34	299.12	306.96	307.85	171.2
6	Mechanical Engineering (72)	164.35	−0.2	17.77	6.24	8.02	164.73	164.83	166.52	166.11	126.4
8	Metals and Metal Forming (17)	162.22	−0.5	19.46	8.70	6.80	163.01	161.60	162.83	162.47	117.2
	CONSUMER GOODS										
11	(DURABLE) (53)	193.13	−0.4	17.26	4.78	8.45	193.97	192.93	195.81	196.67	119.1
12	Lt. Electronics, Radio TV (15)	231.24	−0.6	15.24	3.55	9.48	232.71	230.56	235.04	235.96	131.4
13	Household Goods (12)	183.49	+0.4	16.99	6.40	8.05	182.77	183.24	184.33	184.32	127.1
14	Motors and Distributors (26)	117.44	−0.3	20.54	6.32	7.29	117.81	117.66	118.86	119.61	79.1
	CONSUMER GOODS										
21	(NON-DURABLE) (170)	200.29	−1.1	15.44	5.69	9.36	202.52	201.73	206.10	207.25	137.8
22	Breweries (14)	220.53	−3.4	14.78	5.96	10.14	228.39	227.86	231.80	231.12	150.6
23	Wines and Spirits (6)	239.73	−1.9	17.00	5.76	8.82	244.30	243.82	247.52	249.65	157.3
24	Entertainment, Catering (18)	258.86	−1.4	13.87	6.61	11.00	262.58	259.98	264.64	269.17	177.7
25	Food Manufacturing (22)	197.84	−0.6	20.17	5.37	7.13	199.09	198.69	202.13	203.38	152.3
26	Food Retailing (16)	198.99	−4.2	13.62	4.54	10.68	207.72	207.58	222.08	223.22	132.9
32	Newspapers, Publishing (13)	344.02	−2.7	9.49	3.63	15.83	353.52	352.22	360.21	360.82	201.8
33	Packaging and Paper (15)	132.26	−0.6	19.95	8.77	7.21	133.12	133.17	134.90	135.99	92.2
34	Stores (38)	191.91	−0.1	10.05	4.12	15.66	192.11	191.75	197.98	197.95	109.7
35	Textiles (25)	174.84	+0.4	19.88	7.57	6.38	174.09	172.83	174.33	175.17	127.3
36	Tobaccos (3)	224.89	−0.4	21.48	8.01	6.21	225.88	222.94	224.44	226.11	209.2
37	Toys and Games (6)	102.69	+1.2	20.10	5.79	6.65	101.42	100.70	101.93	100.74	79.0
41	OTHER GROUPS (97)	192.16	−0.7	16.23	5.62	8.39	193.42	192.86	194.78	196.66	146.5
42	Chemicals (20)	254.50	−1.2	19.42	6.57	7.26	257.66	255.72	258.33	262.25	206.2
43	Pharmaceutical Products (7)	256.26	−1.2	10.74	3.86	11.95	259.31	259.39	261.15	262.96	0.0
44	Office Equipment (6)	131.12	—	17.41	4.38	7.60	131.08	129.05	130.29	132.72	82.6
45	Shipping (10)	472.53	+0.1	20.84	6.20	5.68	472.18	472.19	476.43	483.01	407.5
46	Miscellaneous (54)	205.71	—	15.21	5.95	9.32	205.70	206.12	208.63	209.16	142.3
49	INDUSTRIAL GROUP (496)	206.94	−0.8	16.11	5.57	8.79	208.67	208.03	211.34	212.52	143.5
51	Oils (4)	458.30	−0.7	15.19	4.27	8.00	461.30	464.64	468.73	472.64	432.0
59	500 SHARE INDEX	228.03	−0.8	15.98	5.38	8.66	229.88	229.52	232.93	234.32	166.5
61	FINANCIAL GROUP (100)	174.91	−0.7	—	5.81	—	176.06	174.86	178.38	178.96	122.3
62	Banks (6)	200.14	−1.2	24.62	5.10	6.20	202.67	198.62	202.85	203.04	155.6
63	Discount Houses (10)	216.09	−1.2	—	7.64	—	218.70	220.41	226.35	226.11	166.1
64	Hire Purchase (5)	170.55	+1.2	10.92	4.58	13.55	168.51	165.90	169.48	169.34	85.5
65	Insurance (Life) (10)	145.79	−0.6	—	5.68	—	146.64	146.75	150.93	151.39	101.6
66	Insurance (Composite) (7)	138.35	−1.1	—	5.82	—	139.91	138.75	142.23	143.46	97.0
67	Insurance Brokers (10)	328.27	−0.2	12.94	4.17	11.33	328.94	330.49	333.71	334.82	227.2
68	Merchant Banks (14)	84.21	—	—	5.57	—	84.20	84.20	85.17	85.22	60.3
69	Property (31)	249.92	+0.2	2.75	2.73	68.09	249.34	249.84	253.45	253.62	147.5
70	Miscellaneous (7)	109.68	+0.1	23.26	7.18	6.02	109.62	110.11	110.87	110.82	72.4
71	Investment Trusts (50)	193.06	+0.1	3.22	4.74	31.08	192.83	193.72	196.58	200.40	156.3
81	Mining Finance (4)	90.91	−0.4	17.15	6.44	6.78	91.26	92.43	91.87	92.09	87.5
91	Overseas Traders (19)	278.64	—	17.31	6.84	7.33	278.53	281.53	284.93	284.89	221.7
99	ALL-SHARE INDEX (673)	212.27	−0.7	—	5.34	—	213.80	213.43	216.71	217.99	155.6

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Jan. 12	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	109.49	+0.01	—	0.09
2	5-15 years	124.15	+0.03	—	0.00
3	Over 15 years	132.36	—	—	0.00
4	Irredeemables	146.11	—	—	0.00
5	All stocks	121.16	+0.01	—	0.04

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Thurs. Jan. 12	Wed. Jan. 11	Year ago (approx.)
1	Low Coupons	5 years	7.33	7.26	9.39
2		15 years	9.47	9.36	11.87
3		25 years	10.07	10.01	12.99
4	Medium Coupons	5 years	9.57	9.54	12.42
5		15 years	10.50	10.44	13.08
6		25 years	10.64	10.59	13.54
7	High Coupons	5 years	10.02	10.02	13.52
8		15 years	11.43	11.43	14.26
9		25 years	11.42	11.52	14.35
10	Irredeemables		11.31	11.31	14.34

		Thurs., Jan. 12 Index No.	Thurs., Jan. 12 Yield %	Wed. Jan. 11	Tues. Jan. 10	Monday Jan. 9	Friday Jan. 6	Thurs. Jan. 5	Wed. Jan. 4	Tues. Jan. 3	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	63.19	†11.75	62.99	63.43	63.31	63.31	63.36	62.89	62.60	48.95
16	Investment Trust Prefs. (15)	57.58	12.24	57.71	57.67	57.57	57.52	57.33	56.08	55.78	47.30
17	Coml. and Indl. Prefs. (20)	78.34	11.55	78.80	78.33	79.91	77.71	77.59	77.28	76.93	66.95

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday Issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 12p, by post 22p.

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AUTHORISED UNIT TRUSTS

Britannia Trust—Continued

Professional	463.9	498.9xd	+1.3	3.28
Property Shares	14.6	15.8	+0.1	2.07
Shield	46.3	49.8	+0.1	3.89
Status Change	28.2	30.8	+0.1	4.49
Univ Energy	31.4	33.7	—	2.65

The British Life Office Ltd.♥ (a)
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

BL British Life	49.0	51.8	+0.2	5.40
BL Balanced*	45.3	48.4	—	5.36
BL Dividend*	44.3	47.4	—	8.55

*Prices Jan. 11. Next dealing day Jan. 18.

Brown Shipley & Co. Ltd.♥
Mngrs: Founders Ct., EC2 01-600 8520

BS Units Jan. 9	218.2	235.1	—	4.50
Do. (Acc.) Jan. 9	269.2	288.3	—	4.50
Oceanic Trusts (a) (g)				
Financial	35.8	37.1	+0.1	4.51
General	18.3	19.4	+0.2	4.19
Growth Accum.	45.5	47.2	+0.1	3.80
Growth Income	35.5	38.1	+0.1	3.80
High Income	29.4	32.0	+0.2	9.00
I.T.U.	19.1	20.3	—	3.42
Index	24.4	26.4xd	+0.1	4.35
Overseas	16.0	17.0xd		3.68
Performance	57.4	62.2	+0.1	4.76
Recovery	21.8	23.1xd	+0.2	5.64
Exmpt. Jan. 10	59.2	61.7	—	5.61

Canada Life Unit Tst. Mngrs. Ltd.♥
2-6 High St., Potters Bar, Herts. P.Bar 51122

Can. Gen Dist.	37.3	39.3	+0.1	4.33
Do. Gen. Accum	44.7	47.1	+0.2	4.33
Do. Inc. Dist.	34.7	36.6	+0.1	7.51
Do. Inc. Accum	44.2	46.6	+0.2	7.51

Capel (James) Mngt. Ltd.♥
100 Old Broad St., EC2N 1BQ 01-588 6010

Capital	83.1	88.5	—	4.24
Income	74.1	78.9	—	7.61

Prices on Jan. 4. Next dealing Jan. 18.

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)
Milburn House, Newcastle-upon-Tyne 21165

Carliol	64.3	67.3	—	4.48
Do. Accum. Units	77.8	79.5	—	4.48
Do. High Yield	40.2	43.5	—	7.77
Do. Accum. Units	49.6	52.1	—	7.77

Next dealing date Jan. 18.

Charterhouse Japhet♥
1, Paternoster Row, EC4. 01-248 3999

CJ. Internat'l	20.0	21.6	—	3.62
Accum. Units	23.2	24.8	—	3.62
CJ. Income	34.2	36.6	—	7.92
CJ. Euro. Fin	24.4	26.4	—	3.54
Accum. Units	25.8	28.0	—	3.54
CJ. Fd. Inv. Tst.	24.4	26.0	—	3.62
Accum. Units	27.8	29.6	—	3.62

Prices Jan. 11. Next dealing Jan. 18

Chieftain Trust Managers Ltd.♥(a)(g)
30/31 Queen St., EC4R 1BR. 01-248 2932

American	(z)19.1	20.5	-0.1	2.79
High Income	41.1	44.2	+0.3	9.26
International Tst.	(z)22.3	24.0	+0.1	3.42
Basic Resrce. Tst.	23.8	25.6	—	4.89

Confederation Funds Mgt. Ltd.♥ (a)
50 Chancery Lane, WC2A 1HE 01-242 0282

Growth Fund	40.1	42.2	—	4.19

Cosmopolitan Fund Managers.
Copthall Ave., London EC2R 7DX 638 8232

Cosmopoln.Gth.Fd.	17.5	18.8	—	4.85

Crescent Unit Tst. Mgrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3. 031-226 4931

Crescent Growth	27.2	29.2	+0.1	4.31
Cres. Internat'l	44.5	47.7	-0.5	0.59
Cres. High. Dist.	43.5	46.8	+0.4	7.88
Cres. Reserves	40.5	43.4	+0.2	4.32

Discretionary Unit Fund Managers
22, Blomfield St., EC2M 7AL. 01-638 4485

Disc Income	156.7	167.2	—	5.15

E. F. Winchester Fund Mngt. Ltd.
Old Jewry, EC2 01-606 2167

Great Winchester	17.7	19.3	—	7.88
Gt.Winch'er O'seas	18.7	20.4	—	5.35

G.T. Unit Managers Ltd.♥
16, Finsbury Circus EC2M 7DD 01-628 8131

G.T. Cap. Inc.	83.1	88.3	—	3.40
Do. Acc.	98.3	104.5	—	3.40
G.T. Inc. Fd. Un.	162.2	172.5	—	7.70
G.T. U.S. & Gen.	139.9	139.2	—	2.30
G.T. Japan & Gen.	214.2	227.8	—	1.10
♦Gt. Pens.Ex.Fd.	127.2	133.5	—	3.98
G.T. Int'l. Fund	103.4	109.9	—	2.50
G.T. Four YdsFd.	54.1	57.5	—	7.00

♥G. & A. Trust (a) (g)
5, Rayleigh Rd., Brentwood (0277) 227300

G. & A.	31.5	33.6	—	4.61

Gartmore Fund Managers ♥ (a)(g)
2, St. Mary Axe, EC3A 8BP. 01-283 3531

(x)American Tst.	21.5	23.3xd	-0.2	1.08
British Tst. (Acc.)	51.0	54.9	+0.1	5.42
Commodity Share	151.4	161.2xd	+0.2	5.89
(z)Far East Trust	22.5	24.2	—	1.30
High Income Tst.	57.1	61.4	+0.3	8.57
Income Fund	69.8	75.1	+0.3	6.70
Ins. Agencies	12.42	13.26xd	+0.02	3.85
Intl. Exempt Fd.	84.1	91.1	+0.1	5.58
(z)Intl. Tst. (Acc.)	25.8	27.7	—	1.47

Gibbs (Antony) Unit Tst. Mgs. Ltd.
23, Blomfield St., EC2M 7NL. 01-588 4111

(a) A.G. Income*	41.0	43.9	—	8.10
(a) A.G. Growth††	37.1	39.7	—	4.50
(a)A. G. Far East*	19.4	20.8	—	0.30

Dealing *Tues. ††Wed.

Govett (John)♥
77, London Wall, E.C.2. 01-588 5620

S'hldr. Jan. 6	125.3	132.1	—	2.01
Do. Accum. Unit	149.9	158.0	—	2.01

Next dealing day Jan. 20.

Grieveson Management Co. Ltd.
59 Gresham St., EC2P 2DS. 01-606 4433

Bar'gtn. Jan. 11	202.5	212.1xd	—	4.16
(Accum. Units)	219.5	229.9	—	4.16
B'tgn. HY Jan. 12	173.5	181.7	+0.5	7.12
(Accum. Units)	194.7	203.9	+0.5	7.12
Endeav. Jan. 10	151.3	157.3	—	2.49
(Accum. Units)	156.5	162.5	—	2.49
Grnchstr. Jan. 6	80.7	83.5xd	—	3.06
(Accum. Units)	83.1	86.0xd	—	3.06
Ln.&Brls. Jan. 11	64.4	68.5	—	1.63
(Accum. Units)	68.9	70.8	—	1.63

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN. 01-628 8011

(ag) Guardhill Tst.	87.3	91.0	+0.5	4.37

Henderson Administration(a)(z)
Premier U.T. Admin., Rayleigh Road, Brentwood, Essex. 0277 227300

(g)Australian	27.0	28.9	-0.2	1.96
(g)Cap. Accum.	41.5	44.6	+0.1	3.53
(g)European	31.2	33.5	—	1.63
(g)Far East	53.5	57.5	-0.2	2.01
(g)Fincn &ITU	24.7	26.6	+0.1	3.81
(g) High Income	57.2	61.2	+0.2	7.91
(g)Inc. & Assets	31.7	33.8	+0.2	5.78
(g)International	24.5	26.3	-0.1	2.26
(g)Nth. American	30.8	33.1	-0.3	1.29
N.A. Gross Jan. 6	185.2	199.6	—	2.35
Oil & Nat.	24.1	25.7	-0.1	1.49
(g) Wld. Jan. 6	76.5	81.8	—	3.97
(g) Cabot	68.5	73.0	-0.1	3.76
Cabot Extra Inc.	53.1	55.9xd	—	8.49

*For tax exempt funds only

Hill Samuel Unit Tst. Mgrs.† (a)
45 Beech St., EC2P 2LX 01-628 8011

(b) British Trust	153.8	164.5	+0.4	5.02
(b) Int'l Trust	32.8	35.1	+0.1	3.76
(b) Dollar Trust	63.0	67.4	-0.4	2.30
(b) Capital Trust	29.5	32.0	+0.1	4.26
(b) Financial Trust	94.7	101.3	+0.4	4.29
(b) Income Trust	27.5	29.5	—	7.14
(b) Security Trust	52.1	55.8	+0.1	4.94
(b) High Yield Tst.	28.7	30.8xd	+0.2	8.60

Intel.♥ (a)(g)
15, Christopher Street, E.C.2. 01-247 7243

Intel. Inv. Fund	89.3	95.3xd	—	6.30

Key Fund Managers Ltd. (a)(g)
25, Milk St., EC2V 8JE. 01-606 7070.

Key Energy In.Fd.	72.4	77.0	—	3.81
Key Equity & Gen.	65.6	69.7	+0.3	4.97
♦Key Exempt Fd.	135.5	144.1xd	—	6.74
Key Income Fund	76.8	81.7	+0.5	8.14
Key Fixed Int. Fd.	60.3	64.1	—	12.35
Key Small Co's Fd.	86.4	91.8	+0.4	6.65

Kleinwort Benson Unit Managers♥
20, Fenchurch St., E.C.3. 01-623 8000

K.B. Unit Fd. Inc.	85.9	92.9	—	4.32
♦K.B. UnitFd.Ac.	105.1	113.7	—	—

L & C Unit Trust Management Ltd.♥
The Stock Exchange, EC2N 1HP. 01-588 2800

L&C Inc. Fd.	130.6	134.6	—	7.52
L&C Intl & Gen Fd.	90.6	93.4	—	3.67

Lawson Secs. Ltd. ♥(a)(c)
63 George St., Edinburgh EH2 2JG. 031-226 3911

♦Raw. Materials	33.1	36.1	—	7.68
♦(Accum. Units)	35.9	39.1	—	7.48
*Growth Fund	53.4	58.1	—	3.18
*(Accum. Units)	58.2	63.3	—	3.18
††Gilt and Warrant	34.8	38.2	—	1.94
†American Fd.	20.5	21.6	—	0.28
†(Accum Units)	20.8	22.9	—	0.28
**High Yield	49.1	53.6	—	10.40
**(Accum. Units)	64.6	72.4	—	10.40

Deal. ♦Mon. *Tues. ††Wed. ‡Thurs. **Fri.

Legal & General Tyndall Fund♥
18, Canynge Road, Bristol. 0272 32241

Dis. Jan. 12	56.2	59.4	+2.0	4.92
(Accum. Units)	69.6	73.4	+2.6	4.92

Next sub. day Feb. 15

Leonine Administration Ltd.
2, Duke St., London W1M 6JP. 01-486 5991

Leo Dist.	72.3	76.1	-0.1	5.29
Leo Accum.	74.9	80.9	-0.2	4.89

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

First (Balncd.)	50.7	54.5	+0.2	4.09
Do. (Accum.)	68.7	73.8	+0.3	4.09
Second (Cap.)	47.3	50.8	—	3.54
Do. (Accum.)	58.8	63.2	—	3.55
Third (Income)	80.4	86.4	+0.3	5.92
Do. (Accum.)	108.1	116.2	+0.4	5.92
Fourth (ExInc.)	58.4	62.7	+0.3	7.47
Do. (Accum.)	64.7	69.5	+0.3	7.47

Lloyd's Life Unit Tst. Mngrs. Ltd.
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Equity Accum.	143.9	151.3	—	4.03

M & G Group♥ (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

American	37.7	40.2	-0.1	0.88
(Accum. Units)	38.2	40.7	-0.1	0.88
Australasian	38.4	41.3	+0.5	2.79
(Accum. Units)	38.7	41.6	+0.5	2.79
Commodity	62.6	67.3	-0.3	5.32
(Accum. Units)	66.1	71.1	-0.3	5.32
Compound Growth	97.5	104.8	-0.3	3.79
Conversion Growth	46.9	50.4	-0.1	4.05
Dividend	111.3	118.5xd	+0.1	7.82
(Accum. Units)	204.2	219.6	+0.1	7.82
European	45.8	49.2xd	-0.2	3.72
(Accum. Units)	46.3	49.8	-0.2	3.72
Extra Yield	82.9	88.5	-0.1	8.11
(Accum. Units)	107.8	114.8	-0.1	8.11
Far Eastern	36.7	39.8	-0.1	3.34
(Accum. Units)	39.8	42.2	-0.1	3.34
Fund of Inv. Tsts.	57.1	61.6	-0.4	4.21
(Accum. Units)	68.6	73.7	-0.4	4.21
General	155.8	167.5xd	-0.2	5.82
(Accum. Units)	230.6	255.0	-0.3	5.82
High Income	98.5	104.9xd	—	8.19
(Accum. Units)	160.3	170.7	-0.1	8.19
Japan Income	111.5	119.9	+0.9	1.45
(Accum. Units)	111.8	119.6	+1.0	1.45
Magnum	180.9	192.7	—	4.08
(Accum. Units)	222.2	236.7	—	4.08
Midland	155.3	165.4	+0.4	6.91
(Accum. Units)	253.7	288.1	+0.6	6.91
Recovery	76.8	81.9	-0.2	4.71
(Accum. Units)	77.7	82.7	-0.2	4.71
Second Gen.	159.5	168.9	-0.8	5.81
(Accum. Units)	238.4	253.9	-1.3	5.81
Special	147.4	157.0	-0.5	4.15
(Accum. Units)	182.6	194.5	-0.6	4.15
Specialised Funds				
Trustee	139.4	147.1	-0.7	6.45
(Accum. Units)	262.6	277.0	-1.3	6.45
Charibond Jan. 10	118.8		—	10.31
Charifd. Jan. 10	147.2	149.5	—	7.28
(Accum. Units)	175.8	178.5	—	7.28
Pens. Ex. Jan. 10	125.9	131.9	—	5.80

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Growth Units	51.3	54.0	—	3.76

Mayflower Management Co. Ltd.
14/18 Gresham St., EC2V 7AU. 01-606 8099

Income Jan. 11	106.2	111.7	—	7.91
General Jan. 11	71.4	75.1	—	5.73

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Merc. Gen. Jan. 11	176.6	188.4	—	4.65
Acc. Uts. Jan. 11	218.8	233.0	—	4.65
Merc. Int. Jan. 11	56.2	59.8xd	—	1.39
Accm. Uts. Jan. 11	60.3	64.2	—	1.39
Merc.Exb.Dec. 29	196.5	208.9	—	4.49
Accum.Uts.Dec. 29	236.2	246.8	—	4.49

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head. Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	54.8	58.9	+0.2	6.14
Do. Accum.	62.1	66.8	+0.1	6.14
Growth	32.5	34.9xd	—	3.52
Do. Accum.	34.4	36.9	—	3.52
Capital	23.9	25.6xd	-0.1	3.83
Do. Accum.	25.8	27.4	-0.1	3.83
Income	49.7	53.2	+0.2	6.02
Do. Accum.	55.4	59.3	+0.2	6.02
International	38.0	40.6xd	-0.3	3.06
Do. Accum.	40.1	42.9	-0.3	3.06
High Yield	59.1	63.9	+0.3	7.85
Do. Accum.	61.9	66.9	+0.3	7.85
Equity Exempt*	107.8	113.7	—	5.06
Do. Accum.*	107.8	113.7	—	5.06

Perpetual Unit Trust Mngmt.♥ (a)
48 Hart St., Henley on Thames 04912 6868

P'petualGp.Gth.	38.3	40.7	—	4.25

Piccadilly Unit T. Mgrs. Ltd.♥ (a)(b)
Wardg'te Hse., 59a London Wall EC2 638 0801

Extra Income	33.5	35.7	—	8.00
Small Co's Fd.	38.2	41.0	+0.1	5.12
Capital Fund	49.8	53.1	+0.1	3.23
Int. Ern. & Assets	47.8	51.3	-0.1	4.96
Private Fund	38.4	41.0	-0.1	3.66
Accmltr. Fund	63.1	67.8	—	4.59
Technology Fund	59.5	63.3	+0.1	3.68
Far East Fd.	22.7	24.5	—	3.00
American Fund	22.8	23.4	-0.1	3.10

Practical Invest. Co. Ltd.♥ (y)(c)
44, Bloomsbury Sq. WC1A 2RA 01-623 8893

Practical Jan. 11	139.8	147.9	—	4.10
Accum. Units	194.2	206.7	—	4.10

Provincial Life Inv. Co. Ltd.♥
222, Bishopsgate, E.C.2. 01-247 6533

Prolific Units	71.8	76.9	-0.2	3.58
High Income	107.3	114.9	—	7.41

Prudl. Unit Tst. Mngrs.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	123.8	130.5	+0.5	4.22

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	108.4	111.4	—	3.90
Quadrant Income	121.9	124.9xd	—	7.53

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	60.3	64.5	—	5.81
Sekforde T. (Acc.)	41.5	44.4	+0.3	4.88
Sekforde T. Inc.	41.1	44.0	+0.3	4.88

Ridgefield Management Ltd.
PO Box 419, Bank Hse., Manchstr. 061 236 8521

Ridgefield Int. UT.	94.0	99.8xd	—	3.68
Ridgefield Income.	95.0	102.0	—	8.82

Rthchld. & Lownds. Mgrs. (a)
St. Swithins Lane, Ldn., EC4. 01-626 4356

New Ct. Exempt	119.0	126.0	—	3.60

Price on Dec. 15. Next dealing Jan. 16.

Rowan Unit Trust Mngt. Ltd.
City-Gate Hse., Finsbury Sq., EC2. 01-606 1066

Rowan Am. Jan. 12	59.0	61.5	—	2.18
Rowan Sec. Jan. 9	165.0	173.0	—	3.77
Rowan Hy. Jan. 12	54.6	57.5	+0.2	7.10
(Accum. Units)	74.9	78.9	+0.2	7.10
Rwn.Mrln. Jan. 9	74.2	78.2	—	3.18
(Accum. Units)	89.0	93.7	—	3.10

Royal Tst. Can. Fd. Mgrs. Ltd.
54, Jermyn Street, S.W.1. 01-629 8252

Capital Fund	67.4	71.1	—	3.68
Income Fund	70.5	74.4	—	7.58

Prices at Dec. 30. Next dealing Jan. 13.

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

Save & Prosper Securities Ltd.♥

International Funds				
Capital Units	32.5	34.9xd	-0.3	3.46
I.T.U.	23.2	24.9	—	3.92
Univ. Growth	57.9	62.2	-0.2	2.14
Increasing Income Fund				
High-Yield Units	55.1	59.2	+0.1	6.45
High Income Funds				
High Return	64.7	69.5	+0.3	7.46
Income	44.2	47.5	+0.1	7.84
U.K. Funds				
UK Equity Fund	44.1	47.4	+0.1	4.50
Overseas Funds(z)				
Europe Gth.Fd.	71.4	76.7	+0.6	3.42
Japan Gth. Fd.	72.1	77.5	+0.3	1.65
U.S. Gth.Fd.	60.4	64.9	-0.5	3.04
Sector Funds				
Commodity	64.6	69.6	—	4.65
Energy	60.4	64.9	-0.2	2.96
Fin'cial Secs. Fd.	64.8	69.6xd	+0.2	3.38
High-Minimum Funds				
Select Internat.	214.4	226.2	-0.9	2.71
Select Income	53.1	56.8	+0.1	7.12

Scotbits Securities Ltd.

Scotbits	37.0	39.7	+0.2	3.67
Scotyield	50.5	54.3	+0.2	6.59
Scotshares	55.5	59.6xd	+0.3	4.22
Scot. Ex. Gth*♦	199.5	208.5	—	2.32
Scot. Ex. Yld.*♦	169.3	177.2	—	6.12

*Prices at Dec. 28. Next sub. day Jan. 11.

Schlesinger Trust Mngrs. Ltd. (a)(z)
(Incorporating Trident Trusts)
140, South Street, Dorking. (0306) 86441

Am. Exempt*	18.9	19.9	—	2.95
Am. Growth	24.5	26.4	-0.1	3.12
Exempt High Yld.*	25.8	27.2	—	8.16
Exempt Mkt. Ldrs.*	24.9	26.2	—	4.38
Extra Inc. Tst.	29.7	31.9	+0.2	9.38
Income Dist.	40.9	44.0xd	+0.1	9.22
Inc. 10% Wdrwl.	31.6	34.3xd	+0.1	—
Intnl. Growth	40.5	43.3xd	-0.1	3.35
Inv. Tst. Units	24.0	25.8	+0.1	4.39
Market Leaders	28.7	30.9	+0.1	4.35
Nil Yield	27.6	29.8	—	0.21
Pref. & Gilt Trust	23.7	25.6	—	11.00
Property Shares	27.2	29.2	+0.2	2.04
Special Sit. Tst.	25.9	27.9	+0.1	2.69
U.K. Grth. Accum.	20.9	22.5	—	5.20
U.K. Grth. Dist.	19.4	21.3	—	5.20

*Next sub. Jan. 25.

J. Henry Schroder Wagg & Co. Ltd.♥
120, Cheapside, E.C.2. 01-248 3434

Capital Jan. 10	96.9	100.4xd	—	2.51
(Accum.)	114.4	120.6	—	2.51
Income Jan. 10	178.0	184.4xd	—	6.82
(Accum. Units)	259.0	268.3	—	6.82
General Jan. 11	77.3	80.9xd	—	3.47
(Accum. Units)	95.2	99.1	—	3.47
Europe Jan. 12	26.2	27.8	-1.5	1.80
(Accum. Units)	28.5	30.3	-1.5	1.80
*Pn'Chy Dec. 30	171.9	177.2	—	3.65
*Spect Ex. Jan. 11	214.6	221.2	—	3.99
*Recovery Jan. 11	182.8	188.4	—	4.80

*For tax exempt funds only

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq., Edinburgh 031-556 9101

Income Units	50.7	54.0	—	5.10
Accum. Units	56.9	60.6	—	5.0

Dealing day Wednesday.

Sebag Unit Tst. Managers Ltd.♥ (a)
PO Box 511, Bcklbry. Hse., E.C.4. 01-236 5000

Sebag Capital Fd.	33.7	35.3	+0.1	3.57
Sebag Income Fd.	30.0	31.4	+0.3	7.58

Security Selection Ltd.
15-19, Lincoln's Inn Fields, WC2. 01-831 6936-9

Unvl Gth Tst Acc	23.5	25.1	—	3.74
Unvl Gth Tst Inc	20.7	22.1	—	3.74

Stewart Unit Tst. Managers Ltd. (a)
45, Charlotte Sq., Edinburgh. 031-226 3271

Stewart American Fund				
Standard Units	52.4	55.7	-3.1	1.80
Accum. Units	56.4	60.1	-3.3	—
Withdrawal Units	43.1	45.9	-2.5	—
Stewart British Capital Fund				
*Standard	131.7	142.2	—	3.50
Accum. Units	149.2	161.1	—	—

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141

Exp.Eq.Tst.Jan.11	£201.50	211.00	—	4.36
♥The Family Fd.	87.4	92.9	+0.3	3.88

Target Tst. Mngrs. Ltd.♥ (a)(g)
31, Gresham St., EC2. Dealings: 0296 5941

Target Commodity	31.5	33.9xd	—	4.31
Target Financial	59.8	65.0	+0.3	4.35
Target Equity	36.9	39.7xd	-0.3	6.82
Target Ex. Jan. 11	209.5	217.1	—	5.95
♦Do. Acc. Units	277.8	287.9	—	5.95
Target Gilt Fund	121.9	128.4	-0.2	3.09
Target Growth	29.6	31.9	-0.1	4.65
Target Intl.	22.2	23.9	—	1.31
Do. Reinv. Units	24.1	25.9	—	1.31
Target Inv.	28.6	30.8	-0.3	3.31
Target Pr. Jan. 11	160.7	169.2	—	4.28
Tgt. Inc.	29.8	31.2	—	8.83
Tgt. Pref.	14.4	15.9	—	11.00
Coyne Growth Fd.	18.6	19.4	+0.2	4.81

Target Tst. Mgrs. (Scotland) (a)(b)
19, Athol Crescent, Edin. 3. 031-229 8621/2

Target Eagle	21.6	23.2xd	—	1.67
Target Thistle	40.2	43.2	+0.3	5.80
Extra Income Fd.	60.2	64.7	+0.2	9.85

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

TUUT Jan. 3	51.3	54.8	—	4.96

Transatlantic and Gen. Secs. Co.♥
91-99 New London Rd. Chelmsford 0245 51651

Barbican Jan. 12	76.9	81.4	+0.1	5.78
(Accum. Units)	114.6	121.2	+0.2	5.78

CLIVE INVESTMENTS LIMITED
yal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101
x Guide as at 11th January, 1978 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	134.97
Clive Fixed Interest Income	127.53

CORAL INDEX: Close 480-485.

INSURANCE BASE RATES

† Property Growth	8½%
Cannon Assurance	4⅜%

† Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

3.N. Bank	6½%	■ Hill Samuel §	7 %
ied Irish Banks Ltd.	6½%	C. Hoare & Co. †	6½%
ierican Express Bk.	6½%	Julian S. Hodge	7½%
iro Bank	6½%	Hongkong & Shanghai	6½%
P Bank Ltd.	7 %	Industrial Bk. of Scot.	7 %
nry Ansbacher	6½%	Keyser Ullmann	6½%
nco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
nk of Credit & Cmce.	6½%	Lloyds Bank	6½%
nk of Cyprus	6½%	London & European	8½%
nk of N.S.W.	6½%	London Mercantile	6½%
nque Belge Ltd.	6½%	Midland Bank	6½%
nque du Rhone	7 %	■ Samuel Montagu	6½%
rclays Bank	6½%	■ Morgan Grenfell	6½%
rnett Christie Ltd.	8½%	National Westminster	6½%
emar Holdings Ltd.	7½%	Norwich General Trust	6½%
it. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
own Shipley	6½%	Rossminster Accept'cs	6½%
nada Permanent AFI	6½%	Royal Bk Canada Trust	6½%
pitol C & C Fin. Ltd.	9 %	Schlesinger Limited	7 %
yzer Ltd.	7 %	E. S. Schwab	8½%
dar Holdings	8 %	Security Trust Co. Ltd.	7½%
arterhouse Japhet	6½%	Shenley Trust	9½%
E. Coates	7½%	Standard Chartered	6½%
nsolidated Credits	7½%	Trade Dev. Bank	6½%
-operative Bank	6½%	Trustee Savings Bank	6½%
rinthian Securities	6½%	Twentieth Century Bk.	7½%
edit Lyonnais	6½%	United Bank of Kuwait	6½%
e Cyprus Popular Bk.	6½%	Whiteaway Laidlaw	7 %
ncan Lawrie ‖	6½%	Williams & Glyn's	6½%
gil Trust	8½%	Yorkshire Bank	6½%
glish Transcont.	8 %		
rst London Secs.	6½%		
rst Nat. Fin. Corpn.	9 %		
rst Nat. Secs. Ltd.	8 %		
tony Gibbs	6½%		
ode Durrant Trust	7½%		
eyhound Guaranty	6½%		
indlays Bank ‡	6½%		
inness Mahon	6½%		
mbros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3½%, up to £25,000 3¾% and over £25,000 4½%.
‡ Call deposits over £1,000 3½%.
§ Demand deposits 4½%.
¶ Rate also applies to Sterling Ind. Secs.
‖ 7-day deposits 3½%. Terms for deposit over £1,000 negotiable.

OOD PRICE MOVEMENTS

	Jan. 12 £	Week ago £	Month ago £
ACON			
Danish A.1 per ton	1,030	1,030	1,010
British A.1 per ton	1,030	1,030	1,010
Irish Special per ton	1,020	1,020	1,000
Ulster A.1 per ton¶	1,030	1,030	1,000
JTTER			
NZ per 20 lbs	10.94-11.05	10.94-11.05	10.94-11.13
English per cwt†	63.03	63.03	63.03
Danish salted per cwt†	69.15-71.60	69.15-71.41	69.15-71.43
HEESE¶			
NZ per tonne	1,161.50	1,161.50	1,208.40
English cheddar trad. per tonne	1,219.42	1,219.42	1,219.42
GGS*			
Home-produce:			
Size 4	4.00- 4.40	—	4.40- 4.60
Size 2	4.50- 5.00	—	5.00- 5.10
	Jan. 12 per pound p p	Week ago per pound p p	Month ago per pound p p
EEF			
Scottish killed sides (ex-KKCF)	47.0—50.0	46.0—49.0	44.0—48.0
Eire forequarters	31.0—33.0	33.0—35.0	—
AMB			
English	47.0—54.0	50.0—54.0	44.0—49.0
NZ PLs-PMs	—	47.0—48.0	46.5—48.0
IUTTON			
English ewes	—	—	—
ORK (all weights)	30.0—41.0	34.0—42.0	36.0—42.0
OULTRY			
Broiler chickens	30.0—34.0	30.0—34.0	30.0—34.0

* London Egg Exchange price per 120 eggs. † Delivered.
For delivery January 14-21.

OFFSHORE AND OVERSEAS FUNDS

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177

Cap. Tst. (Jersey)	127.0	135.0	—	3.50

Next dealing date Jan. 24.

East &Intl.Tst.(C.I.)	105.0	112.0	-6.0	3.35

Next sub. Jan. 26.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney.

US$1 Shares	SUS1.30		-0.04	—

Net asset value Jan. 5

Banque Bruxelles Lambert
2, Rue de la Regence B 1000 Brussels

Renta Fund LF	1,940	2,000	-14	8.33

Bk. of London & S. America Ltd.
40-66, Queen Victoria St., EC4. 01-030 2313

Alexander Fund	SUS6.81		—	—

Net asset value Jan. 11.

Barclays Unicorn Int. (Ch. Is.) Ltd.
1, Charing Cross, St. Helier, Jsy. 0534 73741

Overseas Income	51.5	54.2xd	—	9.63
Unidollar Trust	SUS8.28	8.80	—	4.50*

*Subject to fee and withholding taxes

Barclays Unicorn Int. (I. O. Man) Ltd.
1 Thomas St., Douglas, I.o.M. 0624 4856

Unicorn Aust. Ext.	37.0	39.8xd	-3.2	3.20
Do. Aust. Min.	22.2	23.9	-0.8	2.50
Do. Grtr. Pacific	55.0	59.2	—	—
Do. Intl. Income	39.5	42.5	—	8.20
Do. I. of Man Tst.	47.9	51.0xd	-0.2	8.60
Do. Manx Mutual	22.3	24.0	—	3.30

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC* Jan. 3	SUS26.19		+1.16	—
CANRHO** Jan. 3	£1.031		-.003	—
COUNT** Jan. 3	£2.381		+0.011	—

Originally issued at *$10 and **£1.00.

Bridge Management Ltd.
P.O. Box 508, Grand Cayman, Cayman Is.

N'bashi Jan. 3	Y12,647		—	—

G.P.O. Box 590, Hong Kong

Nippon Fd. Jan. 11	SUS12.18	11.14	—	0.94

Ex-Stock Split.

Britannia Tst. Mngmt. (CI) Ltd.
30 Bath St., St. Helier, Jersey. 0534 73114

Growth Invest	32.8	35.5xd	—	4.00
Intnl. Fd.	61.9	66.9xd	—	1.00
Jersey Energy Tst.	147.4	159.3xd	—	1.50
Univsl. Dlr. Tst.	SUS5.34	5.62	—	1.50
Univsl. $ Tst. Stg.	£2.35	2.47	—	1.00

Value Jan. 6. Next dealing Jan. 16.

Butterfield Management Co. Ltd.
P.O. Box 195, Hamilton, Bermuda.

Buttress Equity	2.05	1.98	—	2.08
Buttress Income	1.96	1.91	—	7.49

Prices at Dec. 12. Next sub. day Jan. 9.

Capital International S.A.
37 rue Notre-Dame, Luxembourg.

Capital Int. Fund	SUS15.43		—	—

Charterhouse Japhet
1, Paternoster Row, EC4. 01-248 3999

Adiropa	DM29.80	31.30	-0.10	5.75
Adiverba	DM46.70	49.10	+0.10	5.50
Fondak	DM31.80	33.40	—	6.13
Fondis	DM19.80	20.90	-0.20	6.22
Emperor Fund	SUS2.82	2.92	—	—
Hispano	SUS44.80	47.00	—	1.92

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey

Intnl. Man. Fd.	163.0	177.5	—	—

Delta Group
P.O. Box 3012, Nassau, Bahamas.

Delta Inv. Jan. 10	$1.21	1.27	-0.14	—

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt.

Fidelity Mgmt. & Res. (Bda.) Ltd.
P.O. Box 670, Hamilton, Bermuda.

Fidelity Am. Ass.	SUS29.86		—	—
Fidelity Int. Fund	SUS18.46		—	—
Fidelity Pac. Fd.	SUS37.77		—	—
Fidelity Wrld Fd.	SUS11.85		-0.15	—
Fidelity Ster. Fds.				
Series A (Intnl.)	£3.09		—	—
Series B (Pacific)	£5.88		—	—
Series D (Am.Ass.)	£12.69		—	—

First Viking Commodity Trusts
8, St. George's St., Douglas, I.o.M. 0624 4682. Ldn. Agts. Dunbar & Co., Ltd., 53, Pall Mall, London SW17 5JH. 01-930 7857

Fst. Vik. Cm. Tst.	40.4	42.5	-0.4	6.50
Fst.Vk.Dbl.Op.Tst.	85.0	89.0xd	—	3.80

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg

Flmg. Jan. 11	SUS36.83		—	—

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.

NAV Dec. 30	SUS164.95		—	—

G.T. Management Ltd. Ldn. Agts.
Park Hse., 16 Finsbury Circus, London EC2. Tel: 01-628 8131. TLX: 886100

Management International Ltd.
c/o Bk. of Bermuda Front St., Hamltn. Bmda.

Anchor 'B' Units	SUS0.77	0.83	—	1.93
Anchor Int. Fd.	SUS3.88	4.11xd	—	1.96

G.T. Bermuda Ltd.
Bk. of Bermuda, Front St., Hamltn., Bmda.

Berry Pac F.	SUS37.17		-0.18	11.08
G.T. $Fd.	SUS6.48	-0.05	-0.26	0.78

G.T. Mgt. (Asia) Ltd.
Hutchison Hse., Harcourt Rd., Hong Kong

G.T. Asia F.	SUS7.19	7.69	-0.06	2.61
G.T. Bond Fund	SUS11.96		+0.06	5.30

G. T. Management (Jersey) Ltd.
Royal Tst. Hse., Colomberie, St. Helier, Jersey

G.T. Asia Sterling	£10.58	11.19	-0.29	1.80

Bank of Bermuda (Guernsey) Ltd.
31-33, Le Pollet, Guernsey. 0481-26268

Berry Pac Strlg.	194.00	203.00	-5.2	1.44
Anchor Gilt Edge	£10.06	10.09	+0.10	11.57
Anchor In.Jsy.Tst.	22.6	24.1xd	—	3.13

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531
Gartmore Fund Mngt. (Far East) Ltd.
1503 Hutchison Hse. 10 Harcourt Rd, H.Kong

HK & Pac. U. Tst.	SHK2.33	2.50	—	2.40
Japan Fd.	SUS6.95	11.99	—	—
N. American Tst.	SUS9.36	9.83	—	—
Intl. Bond Fund	SUS8.81	10.43	—	—

Gartmore Investment Mngt. Ltd.
P.O. Box 32, Douglas, IoM. 0624 23911

International Inc.	21.5	22.9	—	11.20
Do. Growth	54.8	58.3xd	—	5.31

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong

Far East Jan. 11	9.27	9.67	—	—
Japan Fund	SUS5.45	5.73	—	—

Hambros (Guernsey) Ltd./ Hambro Fund Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey 0481-26521

C.I. Fund	143.6	152.9	—	3.90
Intnl. Bond	SUS101.41	104.56	—	8.50
Int. Equity	SUS9.78	10.08	—	2.50
Int. Savings 'A'	SUS0.99	1.02	—	8.00
Int. Savings 'B'	SUS0.96	1.01	—	2.50

Prices on Jan. 11. Next dealing Jan. 18.

Henderson Baring Fund Mgrs. Ltd.
P.O. Box N4723, Nassau, Bahamas

Japan Fd.	13.85	14.45	+0.07	—

Prices on Jan. 11. Next dealing date Jan. 25.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., Peter Port Guernsey, C.I.

Guernsey Tst.	153.8	164.5	+0.4	3.31

Hill Samuel Overseas Fund S.A.
37, Rue Notre-Dame, Luxembourg

	SUS15.98	16.62	-0.07	—

International Pacific Inv. Mngt. Ltd.

Kemp-Gee Management Jersey Ltd.
1, Charing Cross, St. Helier, Jersey. 0534 73741

Kemp-Gee Capital	86.4	89.1	—	—
Kemp-Gee Income	64.7	66.8	—	8.70

Keyselex Mngt. Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng 01-606 7070)

Fonselex	Fr.1,370	1,440	—	3.000
Keyselex Int'l	£5.68	6.28	—	4.78
Keyselex Europe	£3.77	4.16	+0.07	3.97
Japan Gth. Fund	SUS19.83	21.33	+0.56	—
Keyselex Japan	£7.24	7.90	—	—
Cent. Assets Cap.	£129.95		+0.02	—

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey.
1 Thomas Street, Douglas, Isle of Man

Gilt Fund (Jersey)	10.25	10.31	—	10.50
Gilt Trust (I.o.M.)	118.60	121.70	—	10.50
Intl. Govt. Secs. Tst.				
First Sterling	15.88	15.93	—	—
First Intl.	SUS117.18	118.21	—	—

Kleinwort Benson Limited
20, Fenchurch St., EC3 01-623 8000

Eurinvest. Lux. F.	1,008		+0.005	4.96
Guernsey Inc.	58.3	63.4	—	4.16
Do. Accum.	71.3	77.3	—	4.16
KB Far East Fd.	SUS9.95		—	1.47
KB Intl. Fund	SUS10.52		-0.01	1.89
KB Japan Fund	SUS25.05		—	0.64
K.B. U.S. Gwth. Fd.	SUS8.71		—	—
Signet Bermuda	SUS4.27		-0.10	1.87
*Unifonds (DM)	18.85	19.90	-0.10	8.95

*KB act as London paying agents only.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas	51.3	53.4	—	2.45

Next dealing date Jan. 16.

Lloyds International Mgmnt. S.A.
7 Rue du Rhone, P.O. Box 179, 1211 Geneva 11

Lloyds Int. Growth	SF301.50	320.00	-24.00	2.00
Lloyds Int. Income	SF304.50	316.00	+1.50	6.30

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic Ex. Jan. 10	SUS2.47	2.71	—	—
Aust. Ex. Jan. 11	SUS1.75	1.90	—	—
Gold Ex. Jan. 11	SUS9.35	10.50	—	—
Island	110.4	117.5	-0.2	13.34
(Accum Units)	154.2	164.1	-0.3	13.34

Samuel Montagu Ldn. Agts.
114, Old Broad St., E.C.2. 01-588 6464

Apollo Fd. Dec. 31	SF47.55	51.60	—	—
Japfest Dec. 31	SUS9.67	9.74	—	1.80
117 Group Dec. 14	SUS2.38	11.31	—	1.91
117 Jersey Dec. 14	£4.65	5.18	—	—
117JrsyO'seasDec14	£10.70	11.60	—	—

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521

*Hope St. Fd.	SUS27.08		—	—
*Murray Fund	SUS9.88		—	—

*NAV Dec. 31.

Negit S.A.
10a Boulevard Royal, Luxembourg

NAV Jan. 6	SUS9.74		—	—

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Brmda.

NAV Dec. 30	£3.63		-0.12	—

Old Court Fund Mngrs. Ltd.
P.O. 58, St. Julians Ct., Guernsey. 0481 26331

Eq. Fr. Dec. 30	49.6	52.8	—	2.59
Inc. Fd. Jan. 3	159.5	169.0	—	8.65
Intl. Fd. Dec. 15	92.7	97.6xd	—	—
Sm.Co.Fd. Dec. 30	142.5	151.5	—	3.13

Old Court Commodity Fd. Mgrs. Ltd.
P.O. Box 58, St. Julian's Ct, Guernsey 0481 26741

O.C. Comdty Tst.*	127.7	135.8	—	1.68
O.C. Dlr. Cm. Tst.†	SUS25.38	26.99	—	—

*Prices on Dec. 30. Next dealing Jan. 13
†Price on Jan. 9. Next dealing date Jan. 23.

Save & Prosper International
Dealing to:
37 Broad St., St. Helier, Jersey 0534-20591

U.S. Dollar-denominated Funds				
Dir. Fxd. Int.**‡	8.94	9.62xd	—	7.05
Internat. Gr.*‡	6.13	6.63	—	—
Far Eastern*‡	31.89	34.49	—	—
North American*‡	3.46	3.75	—	—
Sepro**‡			—	—
Sterling-denominated Funds				
Channel Capital*‡	214.7	226.0xd	+1.0	2.39
Channel Islands*‡	145.1	152.8xd	+1.0	4.65
Commodity***‡	124.0	130.6	+0.4	—
St. Fxd. Int.**‡	122.7	129.8	-2.2	10.72

Prices on *Jan. 10. **Jan. 4. ***Jan. ‡Weekly Dealings.

Schlesinger International Mngt. Ltd.
41, La Motte St., St. Helier, Jersey. 0534 73588

S.A.I.L.	81.00	86.00	+1	8.44
S.A.O.L.	84.00	89.00	—	4.24
Gilt Fd.	25.1	25.3	+0.1	10.07
Intl. Fd. Jersey	97.0	102.0	+1.0	3.61
Intnl.Fd.Lxmbrg.	SUS9.54	10.06	-0.05	—

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733

International Funds				
£Equity	101.5	107.9	—	—
$Equity	113.1	120.3	—	—
£Fixed Interest	141.1	150.1	—	—
$Fixed Interest	102.2	108.7	—	—
£Managed	121.3	129.0	—	—
$Managed	107.7	114.5	—	—

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, E.C.2. 01-588 4000

Cheap S Jan. 11	SUS10.58		-0.06	2.64
Trafalgar Nov. 30	SUS103.08		—	—
Asian Fd. Jan. 9	SUS12.78	13.19	—	3.73
Darling Fnd.	SA2.71	1.82	—	5.20
Japan Fd. Jan. 12	SUS5.53	5.96	-0.32	—

Singer & Friedlander Ldn. Agents
20, Cannon St., EC4. 01-248 9646

Dekafonds	DM26.29	27.70	—	7.93
Tokyo Tst. Dec. 29	SUS29.26		—	2.39

Surinvest (Jersey) Ltd. (x)
P.O. Box 98, St. Helier, Jersey. 0534 73673

American Ind. Tst.	£6.45	6.58	-0.18	1.52
Copper Trust	£10.38	10.57	—	—
Jap. Index Tst.	£7.96	8.12	-0.03	—

Surinvest Trust Managers Ltd. (x)
48, Athol Street, Douglas, I.o.M. 0624 23914

The Silver Trust	98.0	100.1	-0.7	—
Richmond Bond 97.	192.0	202.1	—	9.85
Do. Evergreen	237.8	250.3	—	3.03

TSB Unit Trust Managers (C.I.) Ltd.
Bagatelle Rd., St. Saviour, Jersey. 0534 73494

Jersey Fund	44.3	46.6xd	—	4.12
Guernsey Fund	44.3	46.6xd	—	4.12

Prices on Jan. 11. Next sub. day Jan. 18.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.
NAV per share Jan. 9. SUS40.07

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.
NAV per share Jan. 9. SUS29.21

Tyndall Group
Hamilton, Bermuda, & St. Helier, Jersey 0534 37331

Utd. Intnl. Mngmnt. (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey.

U.I.B. Fund	SUS100		—	8.25

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.

U.S. Tst. Inv. Fnd.	SUS9.58		-0.05	0.96

Net asset value Jan. 11.

S. G. Warburg & Co. Ltd.

World Wide Growth Management♥
10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	SUS12.93		+0.04	—

INSURANCE, PROPERTY, BONDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Equity Fund	35.4	37.3	—	—
Equity Acc.	29.8	31.4	—	—
Property Fd.	138.6	145.9	—	—
Property Acc.	144.4	152.0	—	—
Selective Fund	84.4	88.9	—	—
Convertible Fund	127.4	134.2	—	—
♥Money Fund	118.5	124.8	—	—
Pens. Property	161.6	170.2	—	—
Pens. Selective	79.3	83.5	—	—
Pens. Security	131.1	138.0	—	—
Pens. Managed	169.7	178.7	—	—
Pens. Equity	156.9	165.2	—	—
♥Prop. Fd. Ser. 4	119.5	125.8	—	—
♥Man. Fd. Ser. 4	128.6	135.4	—	—
♥Equity Fd. Ser. 4	32.9	34.7	—	—
♥Conv. Fd. Ser. 4	108.9	114.7	—	—
♥Money Fd. Ser. 4	107.1	112.8	—	—

Prices at Jan. 10. Valuations normally Tues.

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

♥Equity Fd. Acc.	175.5	184.7	+0.1	—
♥Fixed Int. Acc.	138.3	145.6	-1.2	—
♥Gtd MoneyFd.Ac.	112.3	118.2	+0.1	—
♥Intl.Man.Fd.Acm.	96.5	101.6	-2.9	—
♥Prop.Fd.Acc.	105.9	111.5	—	—
♥M'ple Inv. Acc.	158.9	167.2	-0.6	—
Equity Pen.Fd.Acc.	205.2	215.9	+0.5	—
Fixed I.Pen.Acc.	172.	181.8	-1.7	—
G'td.Mon.Pen.Acc.	125.2	131.8	+0.2	—
Intl.Mn.PnFdAcc.	101.9	107.3	-3.0	—
Prop.Pen.Acc.	118.5	124.7	—	—
M'ple Inv.Pen.Acc.	192.7	202.8	-0.7	—

AMEV Life Assurance Ltd.♥
Alma Hse., Alma Rd., Reigate. Reigate 40101.

AMEV Managed	128.9	135.8	—	—
AMEV Mgd. 'B'	109.5	115.3	—	—
AMEV Money Fd.	103.1	108.6	+0.1	—
AMEV Mgd.Pen.Fd.	101.7	107.2	—	—
AMEV Mgd.Pen.'B'	102.3	108.1	—	—
Flexiplan	94.4	104.6	—	—

Arrow Life Assurance
30 Uxbridge Road, W12. 01-749 9111

Sel.Mk.Fd.Cp.Unt.	60.4	64.8	—	—
Sel.Mk.Fd.St.Unt.	96.8	101.4	—	—

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E.7. 01-534 5544

Barclaybonds*	118.1	124.4	-0.5	—
Equity	108.7	114.5	—	—
Gilt-edged	114.7	120.8	+1.0	—
Property	97.1	102.3	—	—
Managed	104.5	110.1	-0.1	—
Money	96.9	102.1	—	—
Man.Pens.Accum.	98.5	103.7	—	—
Do. Initial	97.6	102.8	—	—
Gilt EdgPens.Acc.	98.5	103.7	—	—
Do. Initial	97.4	102.6	—	—
Money Pens. Acc.	96.9	102.0	—	—
Do. Initial	95.9	101.0	—	—

*Current unit value Jan. 11.

Beehive Life Assur. Co. Ltd.♥
71, Lombard St., EC3. 01-623 1288

Black Horse Bd.	132.51		—	—

Canada Life Assurance Co.
2-6 High St., Potters Bar, Herts. P.Bar 51122

Grth. Fd. Dec. 3	59.3		—	—
Retmt.Fed.Dec. 6	134.5		—	—

Cannon Assurance Ltd.♥
1, Olympic Wy., Wembley HA9 0NB 01-902 8876

Credit & Commerce Insurance
120, Regent St., London W1R 5FE 01-439 7081

C&C Mngd. Fd.	121.0	130.0	—	—

Crusader Insurance Co. Ltd.
Vincula House, Tower Pl., EC3. 01-626 8031

Gth. Prop. Jan. 3	65.9	72.9	—	—

Eagle Star Insur/Midland Ass.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	51.0	52.9	+0.1	5.76

Equity & Law Life Ass. Soc. Ltd.♥
Amersham Road, High Wycombe 0494 33377

Equity Fd.	108.7	114.4	+0.3	—
Property Fd.	101.4	106.7	—	—
Fixed Interest F.	113.2	119.1	+0.5	—
Gtd. Deposit Fd.	97.4	102.5	—	—
Mixed Fd.	107.2	112.8	+0.2	—

General Portfolio Life Ins. C. Ltd.♥
60 Bartholomew Ct., Waltham Cross. WX31971

Portfolio Fund	126.2		—	—
Portfolio Capital	41.4	43.6	—	—

Gresham Life Ass. Soc. Ltd.
2 Prince of Wales Rd., B'mouth. 0202 767655

G.L. Gilt Fund	116.0	122.1	—	—

Growth & Sec. Life Ass. Soc. Ltd.♥
Weir Bank, Bray-on-Thames, Berks. Tel. 34284

Flexible Finance	£1,023		—	—
Landbank Secs.	56.58		—	—
Landbank Sec. Acc.	112.3	117.2	—	—
G. & S. Super Fd.	£8,057		—	—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7107

Property Bonds	157.4	163.9	—	—

Hambro Life Assurance Limited♥
7 Old Park Lane, London, W1 01-499 0031

Fixed Int. Dep.	123.3	129.8	+0.1	—
Equity	167.6	176.5	-0.6	—
Property	153.6	161.7	+0.3	—
Managed Cap.	133.5	140.6	-2.5	—
Managed Acc.	163.9	172.6	-0.4	—
Overseas	116.3	122.5	-0.6	—
Gilt Edged	123.6	130.2	-0.6	—
Pen.F.I.Dep.Cap.	126.0	132.7	—	—
Pen.F.I.Dep.Acc.	144.6	152.3	—	—
Pen. Prop. Cap.	195.0	205.3	—	—
Pen. Prop. Acc.	246.9	259.9	—	—
Pen. Man. Cap.	205.0	215.8	—	—
Pen. Man. Acc.	259.4	273.1	—	—
Pen. Gilt Edg. Cap.	128.6	135.4	—	—
Pen. Gilt Edg. Acc.	133.1	140.2	—	—
Pen. B.S. Cap.	121.3	127.8	—	—
Pen. B.S. Acc.	135.8	142.6	—	—

Hearts of Oak Benefit Society
Euston Road, London, NW1 01-387 5020

Hearts of Oak	37.1	39.1	—	—

♥Hill Samuel Life Assur. Ltd.
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

♦Property Units	142.4	149.9	—	—
Property Series A	96.4	101.5	—	—
Managed Units	155.2	163.4	-0.5	—
Managed Series A	91.7	96.6	-0.3	—
Managed Series C	90.9	95.7	-0.3	—
Money Units	118.2	124.4	—	—
Money Series A	95.7	100.8	—	—
Fixed Int. Ser. A	94.1	99.1	—	—
Pns. Mgd. Cap.	146.6	154.4	—	—
Pns. Mgd. Acc.	152.3	160.4	—	—
Pns. Gtd. Cap.	104.2	109.7	—	—
Pns. Gtd. Acc.	108.2	113.9	—	—

Imperial Life Ass. Co. of Canada
Imperial House, Guildford 71255

Grwth.Fd. Jan. 9	71.1	77.3	—	—
Pens.Fd. Jan. 9	67.2	73.0	—	—
Unit Linked Portfolio				
Managed Fund	95.1	100.1	—	—
Fixed Int. Fd.	95.9	100.9	—	—
Secure Cap. Fd.	95.0	100.0	—	—
Equity Fund	95.0	100.0	—	—

Irish Life Assurance Co. Ltd.
11, Finsbury Square, EC2. 01-628 8253

Blue Chip Jan. 14	69.8	73.5	-0.3	4.90
Managed Fund	215.8	227.2	-1.6	—
Prop. Mod. Jan. 4	165.4	174.1	—	—
Prop. Mod. Gth.	179.2	188.6	—	—

King & Shaxson Ltd.
52, Cornhill, EC3. 01-623 5433

Bond Fd. Exempt	116.79	119.86	+0.36	—

Next dealing day Jan. 18.

Govt. Sec. Bd.	131.1	137.90	—	—

Langham Life Assurance Co. Ltd.
Langham Hs, Holmbrook Dr, NW4. 01-203 5211

M & G Group♥
Three Quays, Tower Hill EC3R 6BQ 01-626 4588

Pers. Pension***	204.8		—	—
Conv. Deposit*	115.8	121.7	—	—
Equity Bond**	127.1	133.9	-1.4	—
Family 78-80**		152.7	-0.1	—
Family 81-86**	169.2		-1.9	—
Gilt Bond***	108.0	113.9	—	—
Internatnl. Bond**	83.4	87.6	-1.4	—
Managed Bd***	129.8	136.7	—	—
Property Bd**	147.6	155.4	+0.1	—
Ex. Yield Fd. Bd.*	78.0	82.1	—	—
Recovery Fd. Bd.*	60.7	63.8	—	—
American Fd. Bd.*	41.6	43.7	—	—
Japan Fd. Bd.*	39.8	41.9	—	—

Prices on *Jan. 11. **Jan. 12. ***Jan. 6.

Merchant Investors Assurance♥
125, High Street, Croydon. 01-686 9171

Conv. Dep. Fd.		126.7	—	—
Money Mkt. B.		146.2	—	—
Mer. Inv. Man. Fd.		105.2	—	—
Mer. Inv. Pty. Bd.		142.8	—	—
Equity Bond		60.7	—	—
Prop. Pens.		147.0	—	—
Man. Pens.		135.4	—	—
Equity Pens.		173.3	—	—
Conv. Dep. Pens.		136.1	—	—
Mon. Mkt. Pens.		137.6	—	—

NEL Pensions Ltd.
Milton Court, Dorking, Surrey. 5911

Nelex Eq. Cap.	79.6	83.7	—	—
Nelex Eq. Accum.	111.3	117.1	+0.2	—
Nelex Money Cap.	62.3	65.6	—	—
Nelex Mon. Acc.	64.5	67.9	—	—

Next sub. day Jan. 25.

New Court Property Fund Mngrs. Ltd.
St. Swithins Lane, London, EC4. 01-626 4356

N.Ct.Pr.F. Dec. 30	114.1	121.4	—	—

Next sub. day March 31.

NPI Pensions Management Ltd.
48, Gracechurch St., EC3P 3HH. 01-623 4200

Managed Fund	151.1	157.4	—	—

Prices Dec. 30. Next dealing Feb. 1.

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

Managed Fund	209.9	220.9	+0.3	—
Equity Fund	331.5	348.9	—	—
Property Fund	120.4	126.7	—	—
Fixed Int. Fund	162.0	170.5	+0.9	—
Deposit Fund	101.7	107.0	—	—
Nor. Unit Dec. 15		197.2	—	—

Phoenix Assurance Co. Ltd.
4-5, King William St., EC4P 4HR. 01-626 9876

Wealth Ass.	103.7	109.3	—	—
Eb'r. Ph. Ass.		71.7	—	—
Eb'r. Ph.Eq.E.	69.5	73.0	—	—

Prop. Equity & Life Ass. Co.♥
119, Crawford Street, W1H 2AS. 01-486 0857

R. Silk Prop. Bd.		169.3	—	—
Do. Equity Bd.		71.1	—	—
Do. Fx. Mny. Bd. Fd.		156.2	—	—

Property Growth Assur. Co. Ltd.♥
Leon House, Croydon, CR9 1LU 01-680 0606

Property Fund		170.0	—	—
Property Fund (A)		168.9	—	—
Agricultural Fund		685.1	—	—
Agric. Fund (A)		680.4	—	—
Abbey Nat. Fund		148.2	—	—
Abbey Nat. Fd. (A)		148.1	—	—
Investment Fund		64.4	—	—
Investment Fd. (A)		64.4	—	—
Equity Fund		163.1	—	—
Equity Fund (A)		156.5	—	—
Money Fund		136.6	—	—
Money Fund (A)		135.4	—	—
Actuarial Fund		108.8	—	—
Gilt-edged Fund		127.3	—	—
Gilt-Edged Fd. (A)		127.3	—	—
♦Retire Annuity		170.3	—	—
♦Immed. Ann'ty		137.8	—	—

Prop. Growth Pensions & Annuities Ltd.

All Wther Ac. Uts	129.9	136.7	—	—
♥All Weather Cap.	124.4	131.0	—	—

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU. 031-655 6000

Inv.Ply.Series 1	101.7	107.7	—	—
Inv.Ply.Series 2	96.2	101.3	—	—
Inv. Cash. Jan. 6	96.9	102.1	—	—
Ex Ut Tr Jan. 4	138.3	144.2	—	—
Mgd. Pen. Jan. 4	251.5	258.1	—	—

Solar Life Assurance Limited
107 Cheapside, EC2V 6DU. 01-606 0471

Solar Managed S.	127.2	133.9	+0.3	—
Solar Property S.	104.5	110.1	+0.4	—
Solar Equity S.	155.3	163.5	+0.4	—
Solar Fxd. Int. S.	121.0	127.5	+0.4	—
Solar Cash S.	98.7	104.0	+0.1	—
Solar Managed P.	126.9	133.6	+0.3	—
Solar Property P.	104.5	110.0	+0.3	—
Solar Equity P.	155.2	163.4	+0.4	—
Solar Fxd.Int. P.	120.8	127.2	+0.5	—
Solar Cash P.	98.6	104.0	+0.1	—

Sun Alliance Fund Mangmt. Ltd.
Sun Alliance House, Horsham. 0403 64141

Exp.Fd.Int. Jan. 11	£158.9	164.7	—	—
Int. Bn. Jan. 10	£10.00		—	—

Sun Alliance Linked Life Ins. Ltd.
Sun Alliance House, Horsham 0403 64141

Equity Fund	98.8	104.0	+0.2	—
Fixed Interest Fd.	97.9	103.1	+0.1	—
Property Fund	95.7	100.8	—	—
International Fd.	81.1	85.4	+0.2	—
Deposit Fund	95.1	100.2	—	—
Managed Fund	94.9	99.9	+0.1	—

Sun Life of Canada (U.K.) Ltd.
2, 3, 4, Cockspur St., SW1Y 5BH 01-930 5400

Maple Lf. Grth.		147.2	-0.8	—
Maple Lf. Mangd.		136.6	—	—
Maple Lf. Eqty.		125.5	—	—
Persnl. Pn. Fd.		202.4	-2.4	—

Target Life Assurance Co. Ltd.
Target House, Gatehouse Rd., Aylesbury, Bucks. Aylesbury (0296) 5941

Man. Fund Inc.	97.8	103.0	-0.8	—
Man. Fund Acc.	115.8	122.0	-1.0	—
Prop. Fd. Inc.	102.1	108.2	—	—
Prop. Fd. Acc.		126.0	—	—
Prop. Fd. Inv.		99.0	—	—
Fixed Int. Fd. Inc.	110.5	116.8	-0.5	—
Dep. Fd. Acc. Inc.	96.9	102.3	+0.1	—
Ret. Plan Ac. Pen.	72.7	79.0	+0.4	—
Ret. PlanCap.Pen.	60.1	65.4	+0.3	—
Ret. PlanMan.Acc.	121.1	128.2	-1.3	—
Ret. PlanMan.Cap.	113.3	119.9	-1.2	—
Gilt Pen.Acc.	139.5	147.3	—	—
Gilt Pen.Cap.	134.1	141.5	—	—

Transinternational Life Ins. Co. Ltd.
2 Bream Bldgs., EC4 1NV. 01-405 6497

Tulip Invest. Fd.	135.4	142.6	—	—
Tulip Mangd. Fd.	108.9	114.6	—	—
Man. Bond Fd.	111.4	117.3	—	—
Man. Pen. Fd. Cap.	114.4	120.6	—	—
Man. Pen. Fd. Acc.	120.2	126.5	—	—

Trident Life Assurance Co. Ltd.♥
Renslade House, Gloucester 0452 36541

Managed	120.1	127.2	—	—
Gtd. Mgd.	152.2	161.2	—	—
Property	143.1	151.6	—	—
Equity/American	78.5	83.2	—	—
U.K. Equity Fund	106.3	112.6	-0.4	—
High Yield	140.9	149.2	—	—
Gilt Edged	126.7	134.2	—	—
Money	120.2	126.7	—	—
International	92.8	98.3	—	—
Fiscal	129.1	136.7	—	—
Growth Cap.	127.8	135.4	—	—
Growth Acc.	130.3	137.9	—	—
Pens. Mngd. Cap.	113.4	120.2	—	—
Pens. Mngd. Acc.	116.1	123.0	—	—
Pens.Gtd.Dep.Cap.	100.2	106.2	—	—
Pens.Gtd.Dep.Acc.	102.6	108.6	—	—
Pens. Ppty. Cap.	109.6	116.1	—	—
Pens. Pty. Acc.	112.2	118.8	—	—
Trdt. Bond	35.7	37.7	-0.3	—
*Trdt. G.I. Bond		102.1	—	—

*Cash value for £100 premium.

Tyndall Assurance/Pensions♥
18, Canynge Road, Bristol. 0272 32241

Vanbrugh Life Assurance♥
41-43 Maddox St., Ldn. W1R 9LA. 01-499 4923

Managed Fd.	141.0	148.5	+0.3	—
Equity Fd.	225.0	236.9	+0.5	—
Intnl. Fund	82.0	86.4	-0.4	—
Fixed Interest Fd.	173.1	182.3	+1.5	—
Property Fd.	134.9	142.1	—	—
Cash Fund	115.9	122.0	—	—

Welfare Insurance Co. Ltd.♥
The Leas, Folkestone, Kent. 0303 57333

Moneymaker Fd.		102.7	—	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
1 High Street, Windsor. Windsor 68144

Life Inv. Plans	68.4	72.0	—	—
FutureAssd.Gth(a).		74.0	—	—
FutureAssd.Gth(b).		47.0	—	—
Ret. Assd. Pens.		£27.75	—	—
Flex. Inv. Growth	106.4	112.0	—	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ‡ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Continued

1977-78 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
34⅝	20	Manf. Han. US$7.50	23⅝xd	+⅛	$1.92	—	5.4
48	26⅝	Morgan (JP) US$2.5	26⅝xd	−⅞	$2.36	—	4.2
17¼	12	Norton Simon Inc. $1	12	−¼	76c	—	3.6
25	13⅛	Owens-Ill. $3.125	13⅛	−⅜	h$1.06	—	4.5
22	14⅝	Quaker Oats US$5	14⅝xd	.....	$1.04	—	4.0
21⅝	14½	Reliance $0.25	15⅛	−⅛	15c	—	—
24	16¼	Rep. N.Y. Corp. $5	16⅛	+⅛	$1.00	—	3.3
16⅝	10½	Rexnord $5	10⅝	+⅛	80c	—	4.2
22	14¼	Richdsn.-Mrrll. $1¼	14¼xd	−⅛	90c	—	3.6
406p	247p	Saul (B. F.) $1	264p	−11	—	—	—
33⅝	18½	Shell Oil $1	18½	−⅜	h$1.60	—	4.9
20⅝	11⅞	Singer ($10)	12½	.....	60c	—	2.7
36½	22	Sperry Rand $0.50	22⅝xd	−¼	$1.12	—	2.8
33	18¾	TRW Inc. $1¼	18¾	−¾	$1.60	—	4.8
31⅝	18⅝	Tenneco	18¾	−⅛	$2.00	—	6.1
151	133	Do. 10% Ln. Stk. 91-95	136	.....	10%	—	f7.4
14½	505p	Tesoro Pt. US$0.16⅔	505p	−5	$1.00	—	11.2
24¾	16⅞	Texaco $6.25	16⅞	−¼	$2	—	6.7
31⅛	22¼	Time Inc.	22⅞	−⅛	$1.30	—	3.2
13⅝	855p	Transamerica $1	865pxd	−25	80c	—	5.2
34	21¼	Utd. Tech. $US5	21¼	−⅞	$1.80	—	4.8
41⅜	19½	U.S. Steel $1	19⅝xd	−½	$2.20	—	6.4
19¾	938p	Vetco $0.50	14⅝xd	−¼	20c	—	0.8
22	11½	Woolworths $3½	11½	.....	$1.40	—	6.8
49½	28⅞	Xerox Corp. $1	28⅞xd	−½	$1.60	—	3.1
13⅝	449p	Xonics Inc. 10c	449p	−18	7½c	—	0.9
12¾	750p	Zapata Corp. 25c	11⅛xd	+¼	s30c	—	1.5

S.E. List Premium 24½% (based on $US1.9880 per £)

Conversion factor 0.8021 (0.8022)

CANADIANS

1977-78 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
*13	10⅛	Bk. Montreal $2	10⅞xd	+1/16	g$1.06	—	5.3
17⅞	10 15/16	Bk. Nova Scotia $1	10¾xd	+1/16	92c	—	4.4
42½	30¼	Bell Canada 25c	30¼xd	−¼	$4.08	—	6.9
24½	11¾	Bow Valley‖	12	−⅛	10c	—	0.4
463	825p	Brascan‖	825p	−15	$1.00	—	6.2
22 11/16	13⅝	Can. Imp. Bk. $2	13⅝xd	−⅛	$1.44	—	5.4
15	940p	Can. Pacific $5	955pxd	+15	80c	—	4.3
39¼	26½	Do. 4pc Deb. £100	37¼	−¼	4%	—	10.8
22⅞	16⅛	Gulf Oil Can.‖	16½xd	+⅛	$1.06	—	3.3
430p	320p	Hawker Sid. Can.‖	350p	−5	40c	—	5.8
26	16⅞	Hollinger $5	16⅞xd	−⅛	$1.94	—	5.9
468	935p	Hudson's Bay‖	935p	−5	65c	—	3.6
33¼	21½	Hud. B. Oil G. $2½	25⅛	+⅛	$1.76	—	3.1
18¾	11⅝	Imperial Oil‖	11⅝	−⅛	86.4c	—	3.9
28¼	10⅛	Inco	10½	−⅛	$1.60	—	8.1
875p	565p	Int. Nat. Gas $1	615pxd	+10	80c	—	6.6
18¾	855p	Massey Ferg.‖	865p	−10	$1.00	—	5.9
27⅞	26⅝	Pacific Pet. $1	21⅝	+¼	86.4c	—	2.1
70p	32p	Placer Gas $1	55½p	−2	—	—	—
24	15⅝	Rio Algom	15 5/16	−3/16	$1.08	—	3.5
22	14⅞	Royal Bk. Can. $2	14⅞	−1/16	$1.38	—	4.7
19⅞	13⅛	Seagram Co. C$1	13⅛	−3/16	92c	—	3.6
16⅞	955p	Tor. Dom. Bk. $1	955pxd	−25	76c	—	4.1
990p	840p	Trans. Can. Pipe 33½c	840p	−10	95c	—	5.8

S.E. List Premium 24½% based on $2.1285 per £)

BANKS AND HIRE PURCHASE

1977-78 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
337	232	ANZ $A1	255	+3	tQ18c	—	4.7	—
305	180	Alexanders D. £1	253	−5	g14.33	—	8.1	—
£114	£38	Algemene Fl.100	£91¼	+1½	Q22%	2.5	3.9	6.6
595	350	Allied Harvey £1	565	−10	At30.2	—	9.4	—
168	87¼	Allied Irish	162	+1	tQ10.0	—	6.2	—
195	105	Arbuthnot L. £1	155	+2	†9.25	—	8.5	—
£25½	£13¼	Bank Amer. $1.565	£13½	+¼	Q94c	—	3.9	—

Eire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

1977-78 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
29¾	L.R.C. Int. 10p	38xr	−1	†2.23	2.6	9.2	6.5
24	Lawtex	64	......	2.91	4.6	6.9	4.2
125	Lead Inds. 50p	152	......	†7.37	2.6	7.3	6.6
58	Leadenhall Stg.	100	......	†4.89	4.8	6.2	5.9
36	Le Bas (Ed)	44	+1	†1.65	—	5.7	—
30	Lebof Fobel 10p	55	+½	†1.62	2.5	4.5	13.3
39	Lebus Harris	58	+1	g3.27	0.6	8.6	(47.2)
33	Leigh Ints. 5p	160	......	u3.63	2.2	3.4	20.1
60	Leisure Car. 10p	113	−1	†h4.03	b2.2	5.4	12.9
96	Lep Group 10p	243xd	......	†3.1	8.9	1.9	6.1
56	Lesney Prods. 5p	60	−1	†d2.64	4.8	6.7	4.7
78	Letraset 10p	104	+1	†2.83	4.7	4.2	6.6
9	Liden 10p	16	......	—	—	—	—
17	Lindsay & Wms	35½	......	†1.01	2.1	4.3	16.8
58	Lindustries	147	......	†9.0	2.8	9.5	4.8
24	Lon. & Nthn. Grp.	28½	......	†2.0	2.4	10.6	5.9
17	Long Hmbly. 10p	35	......	1.44	5.6	6.2	3.2
30	Longton Trans	63	......	d3.46	b4.8	8.3	3.2
39	Lonsdale Univsl.	80	+1	†4.21	2.0	8.0	9.7
118	Low & Bonar 50p	172	......	b10.89	2.1	9.6	6.3
36½	M.Y. Dart. 10p	62	......	2.14	4.5	5.2	4.6
13	Macanie Lon. 10p	18xd	......	1.80	1.1	15.1	(8.4)
71	M'c'rthy Pk. 20p	98	......	3.94	4.1	6.1	4.7
45	Macfarlane Gp.	64	......	†3.49	1.7	8.3	10.7
155	McBride Rbt. 10p	330	......	†4.46	7.9	2.0	9.5
11	McCleery L'A	11½	......	†1.25	—	—	—
36½	Macpherson (D.)	57	......	†2.40	4.1	6.4	5.9
17	Md'me Tus'ds 5p	62½	−1½	b†1.89	3.5	2.6	16.6
46	Magnolia Group	74	......	†d2.45	3.9	5.0	5.1
50	Mngmt. Ag. M. 10p	72xd	......	5.61	ϕ	11.8	ϕ
166	Man. Ship Can. £1	207	+3	14.14	2.3	10.4	6.3
9¾	Marling Ind. 10p	19	−½	dh0.92	2.2	7.3	9.6
25	Marshall Livy. 'A'	36	......	†2.26	3.3	9.5	4.8
89	Marshall's Univ.	142	......	†6.3	4.0	6.7	4.1
52	Martin-Black	57	......	4.47	0.7	11.9	18.1
£89	Mathesons T'pc.	£89	−1	Q7¾%	2.3	†8.5	—
60	Maynards 25p	122	......	4.86	3.74	6.0	6.7
11	Medminster 10p	20	......	1.82	1.1	13.8	10.5
9	Menmore 5p	13½	......	0.93	0.7	10.4	20.0
246	Metal Box £1	310	−2	†13.51	3.2	6.6	6.9
64	Metal Closures	84	......	†3.83	2.9	6.9	7.3
28	Mettoy	43	−1	g2.12	4.0	7.5	5.6
95	Miln. Mrstrs. 50p	160	−2	†5.16	4.0	4.9	7.7
34	Mit. Cotts. Tr'sp't	49	−1	3.36	2.3	10.4	6.4
£115	M'santo 5pc 82-6	£115	......	Q5%	[illegible]	[illegible]	[illegible]
3	Monument 10p	8½	+½	—	—	—	14.6
86	Morgan Crucible	129	+1	†4.79	2.9	5.6	9.1
24	Morrall (Abel)	37	......	†2.2	2.7	9.0	6.3
27	Moss (Robt.) 10p	34	......	g2.06	2.7	9.2	5.5
8½	Movitex 10p	13	......	—	—	—	12.3
38	Myson Gp. 10p	58	......	†3.84	1.4	‡	—
45	Nash (J. F.) Secs.	67	......	5.18	ϕ	12.2	ϕ
25	Nathan (B. & I.)	46	......	3.05	2.4	10.0	6.2
35	Nat. C'rb'ning 10p	46	......	1.32	0.8	4.3	45.6
£45	N.C.R. 4% 93/98	£59	......	Q4%	11.9	[illegible]	—
35	Negretti & Zambra	86	......	3.30	2.6	6.3	7.8
22	Neill & Sp'ncer 10p	68	......	†1.82	6.1	4.0	6.2
6½	New Equip. 10p &	12½	......	†0.89	1.8	10.8	8.1
50	Newey Group £1	60	......	—	—	—	—
51	Norcros	88½xd	−½	4.02	2.6	6.9	6.6
83	Northern Eng.	96	......	b5.6	—	9.4	—
42	Norton & Wr't. 10p	175xd	−1	†d3.8	2.9	3.3	15.8
14	Norvic Secs. 10p	27	......	t2.2	1.9	12.3	7.4
17	Nu-Swift 5p	25	......	†1.42	1.6	8.6	11.4
90	Oce Finance Cv.	91	......	Q9%	—	†10.0	—
56	Office & Elect.	94	......	g4.08	3.6	6.6	7.0
59	Ofrex 20p	107	......	†3.21	3.0	4.5	11.2
20	Ovenstone 12½c	23	+1	Q8c	2.5	23.3	1.7
25	P.M.A. (Holdings)	45	......	—	—	—	26.6
37	Parker Knoll 'A'	104	+3	3.24	7.9	4.7	4.1
75	Pauls & Whites	121	+4	†4.22	3.4	5.3	8.4
21	Peerage 10p	36	+2	1	4.1	6.2	6.1
6	Pentland 10p	28½	+½	†0.61	3.5	4.5	7.0
42	Pentos 10p	78	......	†4.29	2.5	8.3	8.1
£77	Do. 15% Cv. Ln. 1985	£137	......	Q15%	25.4	†11.0	—
58	Petrocon 12½p	74	......	†4.39	1.9	9.0	8.6
6	Phillips Patents	19	......	—	—	—	44.7

INSURANCE—Continued

1977-78 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
662	370	Sun Alliance £1	600	−4	†18.32	—	4.6	—
116	63	Sun Life 5p	108	+2	3.11	—	4.4	—
895	591	Taisho Mar. Y50	685	+6	gQ10%	—	0.7	—
170	115	Trade Indemnity	165	......	†7.64	—	7.0	—
£37½	£18	Travelers $2.50	£18	−½	Q$1.28	—	4.0	—
310	194	Willis Faber	280	−2	†7.61	2.6	4.1	14.4

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1977-78 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
28	17	Brit. Leyland 50p	21	......	—	—	—	—
365	185	Gen. Mtr. Units	185	......	18	1.7	8.5	7.0
57	16	Lotus Car 10p	45	......	—	—	—	—
7½	4	Reliant Mtr. 5p	5½	......	—	—	—	7.9
79	54	Rolls-Royce Mtrs.	68½	+½	†3.9	2.3	8.6	7.1
£19½	762	Volvo Kr50	925	+50	Q12%	0.6	8.1	21.8

Commercial Vehicles

1977-78 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
101	24	Crane Fruch. 10p	99	......	†2.18	1.9	3.3	23.9
155	34	E.R.F. (Hldgs.)	148	+2	†3.3	6.4	3.4	4.8
63	19	Fodens (50p)	58	+1	§3.25	5.7	8.5	(2.3)
14	7	Peak Invests. 10p	9	......	0.5	2.9	8.5	6.2
127	83	Plaxtons	126xd	......	d7.62	ϕ	9.2	ϕ
75	11	York Trailer 10p	67	−1	†2.11	4.5	4.8	7.8

Components

1977-78 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
60	32	Abbey Panels	58	......	2.64	4.5	6.9	5.0
78	35½	Airflow Stream	78	......	†4.47	3.5	8.7	5.0
73½	38	Armst'ng Eq. 10p	60	+1	2.04	3.0	5.1	9.9
141	82	Assoc. Eng'g	121xd	......	4.69	3.9	5.9	6.6
112½	47½	Automotive	102	......	1.86	8.8	2.8	6.5
63	33	Bluemel Bros.	60xd	......	3.67	ϕ	9.3	ϕ
24	12	Brown Bros. 10p	24	......	†1.06	1.06	6.7	13.8
174	85	Dowty 50p	169	+1	4.21	3.7	3.8	10.8
*124	78	Dunlop 50p	86	−2	65.3	3.6	9.3	4.5
123	34	Flight Refuelling	113	......	2.59	4.0	3.5	11.0
12	6¼	Hmm. Smith 10p	11	......	0.25	1.9	3.4	50.0
50	16½	Kwik-Fit Hldgs. 10p	47½	+3	†0.71	3.5	2.3	15.3
338	203	Lucas Inds. £1	277	−5	8.22	4.7	4.5	7.2
36	14½	Supra Group 10p	35	......	b0.77	b3.8	3.4	12.0
129	54	Turner Mfg.	102	......	3.62	2.9	5.4	9.8
89½	51	Wilmot Breeden	66	+½	†2.8	4.9	6.4	4.8
253	96	Woodhead (J.)	213	−1	†6.93	5.9	5.0	5.7
115	58	Zenith 'A' 50p	115	+7	4.0	2.7	5.3	10.8

Garages and Distributors

1977-78 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
79	41	Adams Gibbon	79	......	4.01	4.1	7.7	4.9
13½	4½	Alexanders 5p	13½	+½	—	—	—	—
81	49	Appleyard Grp.	81	......	4.47	2.6	8.4	7.1
*120	66	Arlington Motor	120xr	......	†7.75	2.6	9.8	7.3
41½	17¼	BSG Int. 10p	41	+¼	†2.1	2.9	7.8	5.8
40½	16¼	Braid Group 5p	40	......	1.25	3.4	4.7	9.6
43½	29	Brit. Car Auc. 10p	41½	......	1.98	1.9	7.3	10.8
20	14	C.G.S.B. 10p	19	......	†1.3	1.4	10.3	10.3
106	70	Caffyns 50p	105xd	+1	5.84	2.1	8.4	8.6
43	24	Cowie (T.) 5p	41½	......	d1.55	3.2	5.7	8.5
87½	28	Davis Godfrey	82	+2	†3.03	5.5	5.6	4.9
73	39	Dorada	73	......	4.19	1.3	8.7	13.9
*50	26	Dutton Forshaw	46	+½	§2.76	2.6	9.1	6.4
52	22	Gates (F.G.)	51½	......	1.43	4.8	4.2	7.7
36	14	Glanfield Lawr.	30	......	1.27	1.1	6.4	21.9
22	8	Hanger Invs. 10p	22	......	d0.42	9.7	2.9	5.4
96	42	Harrison (T.C.)	96	......	†d3.72	3.8	5.9	6.9
*90	42	Hartwells	85	......	3.98	3.0	7.1	7.3
144½	79½	Henlys 10p	115	......	†5.99	2.0	7.9	9.6
92½	33	Heron Mtr. Grp.	92½	+3	3.23	2.6	5.3	10.8
£133	£62	Do. 10pc Cnv.	£133	+2	Q10%	17.0	†7.7	—
77	52	Hurst (Charles)	72	......	d5.45	3.2	11.5	4.1
33	16	Jessups 10p	32½	......	1.55	4.4	7.3	4.8
*84	49	Kenning Mtr.	79½	+1	4.15	ϕ	8.2	ϕ
84	35	Lex Service Grp.	77	+1	t3.41	2.7	6.7	10.3
52	26	Lookers	51	+1½	g2.46	4.2	7.3	4.9

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
195	70	Falcon Rh. 50c	185	......	Q50c	ϕ	25.2
22	9	Rhod'n Corp. 16⅔p	21	......	0.57	4.3	4.1
165	52	Roan Cons. K4	52	......	—	—	—
164	115	Tanganyika 50p	135	−2	Q11.0	1.1	8.2
80	70	Do. Pref. 80p	78	......	Q9%	16.4	8.2
42	27	Wankie Col. Rh.1	38	−1	Q7½c	1.4	16.8
27½	11½	Zam. Cpr. SBD0.24	12	+½	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
20	10	Acmex 25c	10	......	—	—	—
127	57	Bougainville 50Toea	66	+2	Q10c	1.5	9.6
128	69	Bll South 50c	70	+1	—	—	—
325	119	Conzinc Riotinto 50c	158	+2	Q9c	2.3	3.5
65	18	G.M. Kalgoorlie $1	52	......	—	—	—
112	77	Hampton Areas 5p	81	......	1.45	4.1	2.7
35	10	Metals Ex. 50c	15	......	—	—	—
242	125	M.I.M. Hldgs. 50c	126	+1	Q9c	1.7	4.4
105	10	Mount Lyell 25c	15	......	—	—	—
2¾	1	Newmetal 10c	2	......	—	—	—
120	79	North B. Hill 50c	80	+1	Q8c	1.5	6.2
12	4½	Nth. Kalgurli	8½	......	—	—	—
143	87	Oakbridge $A1	118	+1	Q11c	1.9	5.9
55	20	Pacific Copper	34	......	—	—	—
£13	575	Pancont'l 25c	850	+25	—	—	—
19	8	Parinca M&Ex. 5p	12½	......	—	—	—
555	345	Peko-Wallsend 50c	380	+10	Q15c	4.0	2.5
—	—	Poseidon 50c	75#	......	—	—	—
12	6	Vultan Min. 50c	11	......	—	—	—
164	87	Westn. Mining 50c	87	......	Q6c	1.4	4.3
75	40	Whim Creek 20c	45	......	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
39	18	Amal. Nigeria	30	......	2.51	1.6	12.7
395	240	Ayer Hitam $M1	240	......	Q[illegible]c	0.9	41.1
57	25	Beralt Tin	45	......	3.75	2.3	12.6
260	155	Berjuntai $M1	200xd	......	‡Q60c	ϕ	—
570	260	Geevor	485	......	†18.15	3.4	5.8
13	8	Gold & Base 12½p	10	......	—	—	—
325	190	Gopeng Cons.	255	......	13.2	1.9	7.8
135	72	Hongkong	130	......	—	—	—
100	60	Idris 10p	93	......	9.14	2.0	14.9
10½	7	Jantar 12½p	10	......	—	ϕ	—
85	30	Kamunting $M0.50	68	......	‡Q15.5c	0.7	5.7
490	260	Killinghall	450	......	Q125	ϕ	11.1
410	217	Malay Dredging $M1	290	......	Q95.5c	ϕ	8.3
46	40	♦Pahang	44	−2	†Q2.5	0.9	5.7
70	50	Pengkalen 10p	58	......	5.58	1.3	14.6
215	133	Petaling $M1	180	......	[illegible]	10.9	1.7
90	35	Saint Piran	60xd	......	g1.99	ϕ	5.0
73	59	South Crofty 10p	60xd	......	64.12	1.5	10.0
210	77	South Kinta $M0.50	145xd	−5	‡Q7.6c	1.4	13.3
305	148	Sthn. Malayan $M1	245xd	−5	‡Q31.3c	1.1	13.3
160	57	Sungei Besi $M1	134	−1	—	—	—
*60	19	Supreme Corp. $M1	55	......	ZQ10	—	4.5
102	42	Tanjong 15p	100	......	[illegible]	ϕ	9.9
95	45	Tongkah Hrbr. $M1	78	......	[illegible]	1.6	5.4
203	93	Tronoh $M1	150	−3	ZQ30c	2.0	5.0

COPPER

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
198	84	Messina R0.50	88	......	Q30c	1.9	22.8

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
9½	9	Burma Mines 17½p	9	......	—	—	—
115	58	Colby Mines $C1	73	−11	—	—	—
600	240	Cons. Murch. 10c	240xd	......	Q30c	ϕ	‡
475	255	Northgate C$1	255	−5	—	—	—
247	173	R.T.Z.	180	−3	t8.5	q3.1	7.2
70	28½	Sabina Inds. C$1	32½	−1½	—	—	—
£14¾	850	Tara Exptn. $1	850	−6	—	—	—
55	39	Tehidy Minerals 10p	45	......	1.21	2.5	4.1
160	121	Yukon Cons. C$1	127	......	Q7c	ϕ	3.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ∆ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♯ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	23	......
Ash Spinning	41	......
Bertam	19	......
Bdg'wtr. Est. 50p	282	......
Clover Croft	23	......
Craig & Rose £1	380	......
Dyson (R.A.)	35	......
Ellis & McHdy.	66	+1
Evans Fr'k. 10p	27	......
Evered	17	......
Fife Forge	47	......
Finlay Pkg. 5p	19½	−1
Graig Ship. £1	240	......
Higsons Brew	142	......
I.O.M. Stm. £1	132	−10
Holt (Jos.) 25p	237	......
N'thn. Goldsmith	46	......
Pearce (C. H.)	122	......
Peel Mills	17	......
Sheffield Brick	48	......
Sheff. Refrshmt.	50	......
Shiloh Spinn.	20	......
Sindall (Wm.)	85	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£98½	......
Alliance Gas	79	......
Arnott	315	......
Carroll (P.J.)	113xd	−2
Clondalkin	85	−3
Concrete Prods.	125	......
Heiton (Hldgs.)	50	......
Ins. Corp.	160	......
Irish Ropes	185xc	......
Jacob	60	+2
Sunbeam	27	−2
T.M.G.	170	−10
Unidare	75	......

OPTIONS

3-month Call Rates

Industrials

Stock	Rate
A. Brew	6½
A.P. Cement	18
B.S.R.	11
Babcock	10
Barclays Bank	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	9
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	16
Glaxo	40
Grand Met.	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	60
House of Fraser	12
I.C.I.	25
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	6
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
M'ks. & Spncr	13
Midland Bank	25
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	12
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	18
Reyrolle	20
Spillers	4
Tesco	4
Thorn 'A'	22
Trust Houses	13
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property

Stock	Rate
Brit. Land	3¾
Cap. Counties	5
E.P.	5
Intereuropean	5
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2

Oils

Stock	Rate
Brit. Petroleum	45
Burmah Oil	7
Charterhall	3½
Shell	28
Ultramar	22

Mines

Stock	Rate
Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday January 13 1978

Nuclear safeguards agreed by exporters

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Jan. 12.

THE MAIN NUCLEAR exporting countries have reached agreement on a code of safeguards designed to reduce the likelihood of nuclear technology being put to military uses.

The guidelines are being submitted by each of the 15 countries—the U.S., the Soviet Union, Britain, France, West Germany, Italy, Belgium, the Netherlands, Sweden, Switzerland, Canada, Japan, East Germany, Czechoslovakia and Poland—to the International Atomic Energy Commission in Vienna.

They are the product of two and a-half years of intense negotiations by the suppliers' group at a series of secret meetings, mostly in London.

The new code will not be applied retroactively. This means that two controversial deals vigorously opposed by the U.S.—between West Germany and Brazil, and France and Pakistan—will be allowed to go through, though the code would ban similar sales of reprocessing equipment that could be used to produce weapons-grade plutonium.

Although this will be seen as something of a defeat for the original hard line anti-proliferation U.S. position, American officials take some consolation from the fact that France is seking to insert additional safeguards in her contract with Pakistan.

The code does not specifically require full on-site international inspection of the nuclear facilities of purchasing countries or what are known as "full-scope" safeguards.

'Not secret'

Five customer-nations have so far resisted such requirements, though Mr. Joseph Nye, the State Department's special assistant on nuclear trade, implied that two, Egypt and India, would probably acquiesce in the near future.

The Indian Opposition was evident in the course of President Jimmy Carter's State visit to India last week. Mr. Nye suggested that the U.S. would press later for inclusion of more stringent controls.

While clearly it falls short of absolute U.S. goals, the U.S. none the less welcomed the agreement to-day as "a major achievement."

Mr. Nye said it represented a commitment by the nuclear suppliers to meet world energy requirements while minimising the risk of nuclear weapons proliferation.

He added that publication of the guidelines demonstrated that the suppliers "are not a secret cartel, but a group of countries interested in putting their international safeguard obligations above short-term commercial advantage."

The principal provisions of the 16-part code are:

In the event of a disagreement between supplier and customer over safeguards, other suppliers are prohibited from interfering with the negotiations by making counter-offers.

Limited on-site inspection, including periodic surveillance of the materials and facilities covered in a particular agreement, and of materials produced locally by the same design.

Purchasing countries must provide formal assurances that material or equipment will not be used to produce a nuclear device, whether as a weapon or for a peaceful explosion.

Purchasing countries must agree that any resale or other retransfer of imported materials to a third nation be covered by international safeguards

Both supplier and purchaser must make effective arrangements to protect against theft.

Desai denies nuclear safeguards concession, Page 3

Vosper Thornycroft wins £150m. Egyptian order

BY RICHARD JOHNS

VOSPER THORNYCROFT will build six fast patrol boats for the Egyptian Navy under a £150m. order recently concluded in Cairo.

Last night the Hampshire-based shipyard refused to give details of the specifications, which are said to be "advanced," at the Egyptians' request.

It is understood, however, that the guns will be the Italian-made Oto Milaria 3-inch variety.

The contract includes the provision of services. Vosper Thornycroft is also discussing another contract for the maintenance of Soviet-built vessels of the Egyptian fleet on a long-term basis.

Negotiations are taking place with Kuwait for a similar order for fast patrol boats.

It is known that Kuwait would want the vessels equipped with the French Exocet surface-to-surface missiles manufactured by Dassault and West German engines—meaning that a considerable proportion of the contract value would not accrue to the U.K.

The Egyptian award to Vosper Thornycroft coincided with the visit of Mr. Fred Mulley, Minister of Defence, to Cairo last week during which he signed a memorandum of understanding with the Arab Organisation for Industrialisation.

In conjunction with the AOI, a company set up and owned by Egypt, Saudi Arabia and the United Arab Emirates, the British Aircraft Corporation is to produce in Egypt Swingfire anti-tank missiles.

Westland Aircraft and Rolls-Royce are in an advanced stage of negotiations for the supply and then manufacture in Egypt of Lynx helicopters.

Over eight years the value of the deals is put in Whitehall at about £400m. at present prices.

That is roughly the value of military equipment supplied by or previously ordered from the U.K. since the October War of 1973 including helicopters and radar as well as a large variety of peripheral equipment.

British Aircraft Corporation and Rolls-Royce are overhauling and maintaining Egypt's MiG21 fighters.

Vosper Thornycroft's order would bring total Egyptian orders from the U.K. since the end of 1973, when the Soviet Union effectively cut off supplies, to nearly £1bn.

Because of the political inhibitions of the present British Government there seems little or no chance of the U.K. fulfilling Egypt's strategic requirements—finding replacements for its ageing MiG21s and battle tanks.

It seems probable that the AOI will choose the Franco-German Alpha jet trainer/ground support aircraft rather than BAC's Hawk.

Aerospace exports, Page 6

Silkin expected to devalue 'green pound'

BY CHRISTOPHER PARKES AND PHILIP RAWSTORNE

MPS expect Mr. John Silkin, Minister of Agriculture, to announce a devaluation of the "green pound" on Monday week—a move that would raise the prices farmers get for their produce and lead to further increases in retail food prices.

Speculation grew at Westminster yesterday after the Government resisted Tory pressure for a debate on the issue next Thursday.

Instead, Mr. Silkin will return from a meeting in Brussels the following Monday to reply to an Opposition motion calling for a 7.5 per cent. devaluation in the artificial agricultural rate for sterling against the EEC's unit of account.

Opposition clamour for a change—the "green pound" is some 30 per cent. adrift of sterling proper—arose after the Minister presented the Annual Agricultural Review White Paper.

This showed that Britain's farmers, helped by good weather, had staged "a dramatic recovery" last year, producing 23 per cent. more food than in 1976 when drought burned up crops and dried up milk yields.

But farmers' real incomes remained unchanged, although they did increase 16 per cent. in cash terms.

Mr. Peter Tapsell, Tory finance spokesman, said the only deduction to be made from the Government's tactics was that Mr. Silkin intended to reach agreement to a devaluation at the Brussels meeting.

Government sources said the debate had been deferred because of Mr. Silkin's heavy workload next week.

The Government could experience some problems with its majority if it were to face a vote on the "green pound."

Tory officials claimed that the Liberals, the Scottish Nationalists and even Plaid Cymru had promised to vote with them for a "green pound" devaluation.

A 7.5 per cent. devaluation of the "green pound" would increase official support prices for key commodities such as beef, butter and cereals by about the same amount.

The change would almost certainly increase further the already substantial food price rises brought about by Britain's final step to full Common Market prices on January 1.

These, which include 7p per pound on butter and 4p on a pound of cheese, are still working their way through to the shops.

On top of these, the EEC Council of Ministers is expected to agree more across-the-board farm price increases for the full range of Community agricultural produce in March.

The White Paper shows the industry's input costs rose by a relatively modest £322.5m., after a record 20 per cent. jump in 1976 of £895m. Investment in new machinery, buildings and stock, however, fell by about 5 per cent. in volume.

Mr. Silkin claimed the recovery in output "illustrates the underlying strength of the industry which offers a sound basis for some further expansion in future years."

During 1977, the national dairy herd increased by 1 per cent. The average cow yielded 3.5 per cent. more milk, and milk production was expected to be 4.5 per cent. up during the last year, the White Paper says.

Farm Prices Page 27

Steel unions angry at 6% offer

BY CHRISTIAN TYLER, LABOUR EDITOR

UNION ANGER at the British Steel Corporation's 6 per cent. pay offer—probably the lowest in the public sector under the 10 per cent. guidelines—may set back negotiations for early closure of high-cost steelmaking plants.

Mr. Bill Sirs, chairman of the TUC steel committee, told BSC management yesterday he would not attend talks at East Moors, Cardiff, planned for next week.

"We have held it back because of the unions' concern about the wage deal," he said after leading a meeting of the steel committee at BSC headquarters in London.

This setback to BSC and Government hopes of progress on the closure of plants came the day after the all-party Commons committee investigating British Steel had called for early closure of a number of the older, so-called Beswick, plants.

East Moors, which has been run down to 3,200 men and one open hearth furnace, is scheduled for closure in 1980.

It is next on the Corporation's list for early closure, following an agreement just before Christmas at Hartlepool. There, closure of steelmaking was brought forward by a year, with the loss of about 1,500 jobs and compensation ranging up to about £7,000 for the longest-serving steelworkers.

Mr. Sirs said: "We told them how can you expect our co-operation when you are making offers to us that are far less than to other areas of the public sector."

Mr. Sirs' own union—the Iron and Steel Trades Confederation—is demanding 10 per cent., plus consolidation of the last pay policy supplement, making 11.5 per cent. in all.

Asked for his reaction to the Commons reports, he said he agreed that closer ties or a merger between the ISTC, the National Union of Blastfurnacemen and the Steel Industry Management Association would help the industry.

He said that private correspondence between BSC and the Department of Industry, which the Commons committee is demanding to see, should not be shown to MPs before the unions

Rupert Cornwell writes: Mr. Michael Foot, Leader of the House of Commons, yesterday spelt out the Government's hostility to an early debate on the Select Committee's report and to its demand for confidential papers on the British Steel Corporation's financial prospects.

In so doing, he made clear his own implacable opposition to any step which would increase the control of the Commons over the executive through an enhanced role for Select Committees.

Parliament, Page 9

THE LEX COLUMN

Deciphering the White Paper

The public spending White Paper has a broadly reassuring message for the securities markets. But it takes some deciphering, and the first reactions in the markets were nervous. Gilt-edged lost their early gains and the 30-Share Index slid away through the day although for equities as a whole rises and falls were evenly matched.

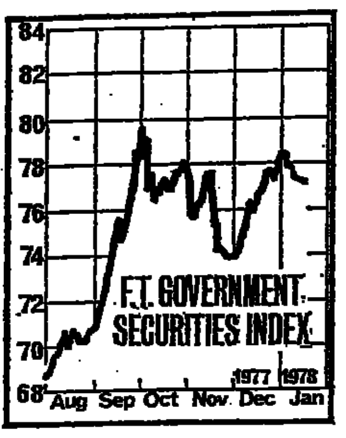
What disturbed sentiment was the projection for 1978-79 for the first rise in the volume of public spending for three years—a jump of as much as 8.2 per cent. on the current year. But this is not representative of the trend, for two reasons. The figures for 1977-78 have substantially undershot the original targets, by some 4½ per cent.; and switches in the sources of finance have distorted the scale of next year's increase.

Allowing for such special factors, which include the impact this financial year of the BP share sale, the public sector's demand on real resources is being kept roughly in balance with the growth of the economy—at least if (as seems likely) spending continues to undershoot the White Paper estimates. An expression of this in financial terms is provided by a table projecting general Government revenues and expenditures. This excludes nationalised industries, and shows a declining borrowing requirement in real terms over the next couple of years.

A wild card in the pack, however, is the large jump shown in Government borrowing on behalf of the nationalised industries. By far the greater part of this—£820m.—is not to finance spending but to refinance Eurodollar borrowings. Whether this turns out to be a burden on the sterling markets depends on the Government's approach to intervention on the foreign exchanges.

If the Government is intervening in the currency markets and chooses to regard dollar purchases by nationalised industries for debt repayment as a contribution to the funds used for intervention then there is no change: the authorities wind up with lower dollar debts instead of higher reserves, and there is no net switch.

Index fell 7.8 to 479.4



So as a framework the White Paper should be acceptable to the financial markets. But with a give-away Budget and probably an election in the offing there are bound to be some awkward political hurdles still to jump; these numbers could look badly out of date in a year's time.

English China Clays

With a rise in pre-tax profits from £24.5m. to £30.5m. English China Clays has matched City expectations, but there must be a measure of doubt about where the group goes from here. Last year the clay side performed very strongly, with profits up more than a third to £22.3m. in response to generally firm demand from the paper industry — production rose from some 2.3m. tons to 2.6m., only a little short of 1973's record. But the quarry and building divisions found the going hard, and it looks as though exceptional factors—credits from sales of plant, first time contributions from the Boddy and Norton acquisitions, and the interest benefit of the rights issue—could have been worth about half the overall gain in pre-tax profits.

This year prospects in the building industry look a little better. In clay, however, the combination of a rising sterling exchange rate and a sluggish economic growth rate in Europe poses problems. Price increases posted this month were only on
a restricted part of the
range, and may no
amounted to much mor
per cent. overall in
terms. And volume in t
months has declined
though ECC blames the
of the early winter st
shipping, and some in
volume is still expected
year as a whole.

At least there is no
that the U.S. produce
stepping up their expo
on the back of a weak
their home market has
fairly strong. And ECC
price at 81p is backed
by a p/e of 7.9 and a
6.8 per cent.

Scottish & Newca

Scottish and Newcas
terim pre-tax profits ar
per cent higher at £22.
this disappointing outt
overshadowed by yes
news that the Price Con
is going to investigate
Breweries' proposed 7 p
increase. The question
whether the Price Con
is going to content its
investigating Allied or
it will also pick on th
brewers' applications.

S and N popped in its
tion only a few days aftc
and although it is bein
coy about the size of
posed increase, it will p
be wanting at least an
a pint if it is going to
profits moving ahead.
price increase, of arou
pint, was implemented
end of June but since
has had to digest a sizeal
settlement and sales volu
4 per cent. down in
months to end-October.
tedly, the major cont
factor was the shortage
stemming from disp
Metal Box. S and N ha
depend quite heavily
hotel side (swelled by las
Kensington Palace acqu
for what profit growth th
been during this period.

On present form S
should be heading for
profits of £37m. (
£35.1m.) in the current y
a price increase over th
month could add perhap
to this year's profits.
the shares are on a
yield of 7.3 per cent.

Thyssen bids £126m. for U.S. company

By John Wyles

NEW YORK, Jan. 12.

THE FIRST major foreign take-over bid for an American company this year has been launched by West Germany's Thyssen AG with a $244.8m. (£126m.) offer for the Budd Company, a leading manufacturer of railway equipment and components for the car industry.

Budd's directors are to meet early next week, when they will consider the $34 a share proposal to merge their company with what would be a specially created U.S. subsidiary of Thyssen. The attitude of one director, Mr. David Ginsburg, could well be crucial, since he and his wife own 563,000 shares, or nearly 8 per cent. of Budd's 7.2m. Common shares.

The offer from West Germany's largest steel producer maintains the firm momentum of foreign acquisition in the U.S. established last year. Three of the top seven acquisitions by non-U.S. companies in 1977 were made by West German companies. The largest was Bayer AG's $216m. purchase of Miles laboratories.

Thyssen's offer for Budd is about $2-$3 a share short of the company's tangible book-value, according to some analysts' estimates. But Mr. Sidney Silverman, Thyssen's legal adviser, claimed to-day that the bid was broadly in line with book-value, after allowing for dilution.

It was by no means clear what implications Thyssen's acquisition attempt has for its corporate strategy. The company it is seeking to acquire has just achieved record profits for the second year in a row and is regarded by some analysts as one of Wall Street's sounder investments for the next five years.

Budd's sales passed the $1bn. mark for the first time in 1976, and are thought likely to have approached $1.3bn. last year.

While the majority of its sales, ranging from chassis frames to roof panels are to the automotive industry, it has become less dependent on that industry's cyclical fortunes through its development of other products.

News Analysis Page 20

Spending figures 'doctored'—Howe

BY PHILIP RAWSTORNE

THE Government was last night accused of "doctoring" the figures in the expenditure White Paper for election purposes.

Sir Geoffrey Howe, Tory economic spokesman, declared: "This is an election White Paper," and continued: "The figures have been doctored, in an extraordinary and unprecedented way, to cover up a massive planned increase in public spending, so as to avoid damage to confidence."

The Government was planning a real increase in public spending of 8.2 per cent.—exactly as large as before the election of October, 1974.

"If persisted in, it could well have precisely the same disasterous results," Sir Geoffrey said.

The purported increase of 2 to 3 per cent. for 1978-79 announced in the White Paper on which projections for the public sector borrowing requirement and discussion of the scope for tax cuts were based, assumed that total public spending next year would fall short of the planned total by something like £3bn.

"This critical assumption is made despite a number of cogent reasons for believing that the 1978-79 shortfall is likely to be substantially less than in 1977-1978," he added.

Sir Geoffrey said even the purported rise of 2 to 3 per cent. was too high, allowing too little scope for tax cuts consistent with the essential reduction in the public sector borrowing requirement.

Mr. John Pardoe, Liberal economic spokesman, said his party was committed to income-tax cuts as the first priority for getting Britain moving—but these need not be entirely financed by cuts in public spending.

Mr. Geoffrey Drain, general secretary of NALGO, criticised the "timid and unimaginative" policy outlined in the White Paper which, he said questioned the Government's expectations for a rapidly expanding economy, and seemed certain to keep unemployment at 1.5m.

Mr. Tom Caulcott, secretary of the Association of Metropolitan Authorities, called the White Paper "a disappointment," adding that the forecast growth in the local government sector was half that predicted for the public sector as a whole.

In spite of the Tory claims about the true size of the increase in public spending Labour Left-wingers last night criticised the Government's proposals as inadequate for dealing with the unemployment problem. They renewed their attack on the increase in defence spneding, which, they said, would be greater than expenditure on either education or housing by 1980.

Sir John Methven, director general of the Confederation of British Industry, joined the critics of the White Paper.

"I am deeply disappointed with the Government plans as outlined in the White Paper and give a pledge that the CBI will be campaigning for early changes," he said.

Continued from Page 1

Room for Budget tax cuts

However, since spending in 1977-78 is now expected to be £2.4bn., or 4.2 per cent. lower than planned in the last White Paper the increase up to next year's level is much larger—6¼ per cent.

This is rather misleading since a sizeable part of the apparent rise in 1978-79 merely reflects the absence of certain financial adjustments which applied this year. These include the sale of shares in BP for £559m., the re-negotiation of the agreement with the banks on the refinancing of home shipbuilding lending and fixed rate export credits and lower debt interest.

Consequently, if these are deducted and some account is taken of possible under-spending or shortfall next year, as normally occurs, the increase between the two years comes out at between 3½ and 4 per cent. This figure would be reduced by a further point if a further adjustment were made for the Treasury's estimate that public sector costs will rise more slowly than prices in the economy as a whole next year.

The underspending in the current financial year means that total expenditure has declined by an estimated 7½ per cent. in real terms since the peak level of 1975-76.

Weather

WINTRY SHOWERS in S.E., dying out.

London, E. Anglia, Cent. S., S.W. England, Midlands, S. Wales

Frost early and late, mostly dry. Wind N. to N.W., light or moderate. Max. 3-5C (37-41F).

S.E. England, Channel Isles

Snow showers at first. Wind N.E. backing N., moderate or fresh. Max. 3-5C (37-41F).

E., Cent. N., N.E. England

Frost early. Wind W. or N.W., light or moderate. Max. 3-5C

N. Wales, N.W. England, Isle of Man, S.W. Scotland, N. Ireland

Sunny intervals, mostly dry. Wind W., moderate or fresh. Max. 7C (45F).

Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Moray Firth

Sunny intervals, mostly dry. Max. 5C (41F).

Cent. Highlands, Argyll, N.E., N.W. Scotland, Orkney, Shetland

Some drizzle and hill fog. Wind W., moderate or fresh. Max. 6-8C (43-46F).

Outlook: Mainly dry at first, occasional rain later in N. and Central areas.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Amstrdm.	C	4	39	Madrid	F	5	41
Athens	C	14	57	Manchstr.	S	1	34
Bahrain	S	20	68	Melbourne	C	17	63
Barcelona	F	9	48	Mexico C.	S	20	68
Belfast	F	2	36	Milan	R	1	34
Belgrade	F	9	48	Montreal	C	−15	5
Berlin	F	4	39	Moscow	Sn	−5	23
Birmghm.	S	2	36	Munich	Sl	1	34
Bristol	F	1	34	Newcastle	F	0	32
Brussels	C	5	41	New York	S	−3	27
Budapest	S	3	37	Oslo	S	−3	27
B. Aires	S	25	77	Paris	R	4	39
Cairo	C	14	57	Perth	C	42	108
Cardiff	S	2	36	Prague	C	−1	30
Chicago	C	−9	16	Reykjavik	C	5	41
Cologne	C	2	36	Rio de J'o	C	30	86
Copnhagn.	Sl	1	34	Rome	R	15	59
Dublin	S	3	37	Singapore	R	28	82
Edinbrgh.	F	−1	30	Stockholm	F	−2	28
Frankfurt	F	4	39	Strasbrg.	C	3	37
Geneva	Sn	0	32	Sydney	C	22	72
Glasgow	S	1	34	Tehran	Sn	0	32
Helsinki	Sn	−1	30	Tel Aviv	S	15	59
H. Kong	C	20	68	Tokyo	S	13	55
Jo'burg	C	24	75	Toronto	S	−6	21
Lisbon	S	10	50	Vienna	C	1	34
London	Sn	2	36	Warsaw	C	2	36
Luxembrg.	C	2	36	Zurich	C	2	36

HOLIDAY RESORTS

Ajaccio	R	11	52	Jersey	C	3	37
Algiers	Th	9	48	Las Plms.	C	19	66
Biarritz	R	6	43	Locarno	Sn	0	32
Blackpool	S	1	34	Majorca	C	7	45
Bordeaux	R	3	37	Malaga	S	10	50
Boulogne	C	4	39	Malta	C	16	61
Cape Town	S	22	72	Nairobi	C	20	68
Corfu	C	13	55	Naples	F	14	57
Dubrovnik	R	10	50	Nice	R	7	45
Faro	S	11	52	Nicosia	C	16	61
Florence	C	9	48	Oporto	F	9	48
Gibraltar	S	12	54	Rhodes	C	14	57
Guernsey	F	2	36	Salzburg	Dr	1	34
Innsbruck	Sn	1	34	Tenerife	Dr	12	54
Inverness	C	0	32	Tunis	S	17	63
I. of Man	S	1	34	Valencia	C	9	48
Istanbul	S	9	48	Venice	R	10	50

S—Sunny. C—Cloudy. F—Fair. R—Rain. Dr—Drizzle. Sl—Sleet. Sn—Snow. Th—Thunderstorm.

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